NATIONAL SECURITIES DEPOSITORY LIMITED

Compliance Manual for Depository Participants

Seventh Edition

December 2008

PREFACE

The Depositories Act 1996, SEBI (Depositories and Participants) Regulations, 1996, the Bye Laws of NSDL, Business Rules of NSDL, Circulars issued by NSDL etc. require the Depository Participants (DPs) to comply with certain procedures relating to functions in depository system. This manual is a compilation of relevant sections of The Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Bye Laws, Business Rules and circulars issued by NSDL (upto **30.11.08**) arranged topic wise. A further segregation is made at sub-topic level wherever possible for the convenience of the readers.

A subject wise index based on circulars is given separately to facilitate direct access to the circulars. Additional space is provided at the end of each topic/ sub-topic for manually updating the details of circulars issued after **30.11.08**.

As per Bye Law 6.2.1 (vi), the depository may make it mandatory for a DP to appoint a Compliance Officer who shall interact with the depository on behalf of the DP for compliance with the Bye Laws and Business Rules. This manual will be particularly useful for the compliance officers of the DPs.

We request the readers to send to us feedback on the usefulness of this manual and enhancement/improvement suggested in future editions of this manual.

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DISCLAIMER

This Manual provides information solely as a reference guide and is meant to supplement the efforts of the Compliance Officer in carrying out his/her duties as a Compliance Officer. While every effort has been made to compile various relevant statues, this manual is not meant to be a substitute to the provisions of The Depositories Act 1996, SEBI (Depositories and Participants) Regulations, 1996, the Bye Laws of NSDL, Business Rules of NSDL and Circulars issued by NSDL. NSDL does not hold out that this compliance manual is exhaustive. Compliance Officers are advised to study original source for the sake of completeness on any compliance related matters.

This Manual includes circulars issued by NSDL up to **30.11.08**. Compliance Officers should refer the circulars issued after that date to update themselves. The titles given in the manual are meant to draw attention of the reader and does not purport to summarize the contents of the circulars. Compliance Officers are advised to study the circulars thereof.

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SYSTEMS

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1. Account Opening

a. General

Section 5	Any person, through a participant, may enter into an agreement, in such form as may be specified by the bye-laws, with any depository for availing its services.
Regulation 41	Every participant shall enter into an agreement with a beneficial owner before acting as a participant on his behalf, in a manner specified by the depository in its bye-laws.
Regulation 42 (1)	Separate accounts shall be opened by every participant in the name of each of the beneficial owners and the securities of each beneficial owner shall be segregated, and shall not be mixed up with the securities of other beneficial owners or with the participant's own securities.
Bye Law 6.4.1	No Participant shall conduct business as a Participant with its Clients unless it has entered into an agreement with its Clients.
Bye Law 9.1.2	The Participant shall maintain separate accounts in respect of each Client and its own account. The Participant shall intimate the balances held in its own account and Client account to Depository on a daily basis.
Bye Law 9.1.5	The Client will be required to enter into an agreement with the Participant in accordance with the provisions of Chapter 6 of these Bye Laws.
Bye Law 9.1.6	Once the application has been accepted by the Participant, the applicant will be issued a Client account number.
Rule 12.1.2	The Participant shall ensure that the application form submitted by the Client is completely filled, including the Bank Account particulars of the Client, and properly signed.
Master Circular on Account Opening was issued vide Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007. Clarifications/guidelines issued thereafter are listed below :	
Circular No: NSDL/POLICY/ 2008/0076 Date: October 27, 2008	*Sub: SEBI's clarification on 'In-person' verification of Beneficial Owner (BO).* All Participants are hereby informed that in a meeting held between SEBI, Depositories and Stock Exchanges on October 13, 2008 the issue of using web-camera for 'in-person' verification of BOs was discussed. It has been decided that 'web-camera' may be used for 'in-person' verification for opening of BO accounts at the branch/franchisee offices of the Participant subject to compliance with other SEBI guidelines/circulars relating to opening of BO accounts including verification of documents. For any information/clarifications, Participants are requested to contact NSDL officials on telephone numbers (022) 2499 4488 / 4494 / 4214 / 4479 / 4348 (email: participant-interface@nsdl.co.in).
Circular No: NSDL/POLICY/ 2008/0055 Date: August 14, 2008	*Sub: SEBI directive on 'In-person' verification of Beneficial Owner at the time of account opening* Attention of Depository Participants (DPs) is drawn to NSDL Circular No. NSDL/ POLICY/2008/0030 dated April 30, 2008 issued in context of SEBI's instructions, requiring DPs to submit a certificate duly certified by the Compliance officer to NSDL on or before August 31, 2008 confirming compliance with respect to 'In-person' verification of Clients by DP staff for all demat accounts opened from April 1, 2006 onwards.

	DPs are once again requested to take note of the requirement to submit the certificate by August 31, 2008.
Circular No: NSDL/POLICY/ 2008/0040 Date: June 04, 2008	**Sub: *Clarification with respect to capturing of landmark details under the address field in the DPM System*** Depository Participants (DPs) have been seeking clarifications regarding capturing of landmark details under the address field in the DPM system as the same does not appear in the proof of address submitted by the Clients at the time of opening demat accounts. DPs have stated that Clients prefer to write landmark details viz., name of the building/mall/junction/school/ garden/hotel/bank/railway station/company name/bus depot etc with the preceding words such as 'near by', 'adjacent to', 'behind', 'next to', 'opposite to' 'off' etc. in the account opening form as it facilitates for easy location of their addresses and prompt delivery of various communications to be received by the Clients. In this context, DPs are advised as follows : **A. At the time of opening demat accounts:** DPs should ensure compliance with the various guidelines/circulars issued by NSDL on account opening and after satisfying itself, may capture the address including landmark details in the DPM System as provided by the Clients in the account opening forms. **B. Change in landmark details:** In case of change (addition/deletion/modification) in the landmark details already captured in the DPM system at the time of opening demat accounts, DPs may limit the changes to the landmark details after obtaining a request from the Clients on a plain paper, which is signed by all the holder(s) (in case of joint holdings). DPs are advised to note that the primary address captured in the DPM system as mentioned in the proof of address, at the time of opening demat accounts should remain intact, limiting the changes to the landmark details. In this context, DPs are advised to follow the procedure mentioned in point no. (I) 11 (11.1) of NSDL Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007 for change of address. For any information/clarifications, DPs are requested to contact NSDL officials on telephone numbers (022) 2499 4488 / 4214 / 4479 / 4483 / 4494 / 4348 (email : participant-interface@nsdl.co.in).
Circular No: NSDL/POLICY/ 2008/0037 Date: May 27, 2008	**Sub: *Clarification - Acceptance of copy of bank statement as proof of address (POA)*** As all Depository Participants (DPs) are aware, NSDL has vide Circular no. NSDL/POLICY/2007/0074 dated December 1, 2007 provided clarification regarding acceptance of bank statement as a valid POA. DPs have been requesting NSDL to permit acceptance of copy of bank statement as a valid POA alongwith copy of cheque leaf in lieu of original bank statement and original cheque leaf. It is hereby informed that DPs may accept the copy of bank statement alongwith copy of cheque as valid POA provided the following is ensured: 1. The authorised official of the DP should verify the photocopies of the bank statement and cheque submitted with their corresponding originals and put his/her signature on them with the remarks **"verified with original"**. 2. The DPs shall ensure that the copy of bank statement clearly displays the logo & name of the bank, displays the name, address and bank

	transactions/balance of the Client for the latest quarter ending. The latest quarter should be considered with respect to the date of receipt of the account opening form.
	3. DPs shall ensure that the bank details including the account number mentioned on the cheque matches with that mentioned in the bank statement submitted as POA.
	For further information / clarification, DPs are requested to contact Mr. Kaushal Shah on Tel. No. (022) 2499 4214 (email: kaushals@nsdl.co.in).
Circular No: NSDL/POLICY/ 2008/0034 Date: May 21, 2008	*Sub: Procedure to be followed by Depository Participants (DPs) on Minor attaining majority* As DPs are aware, NSDL has vide Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007 prescribed the procedure to be followed by DPs in cases where Minor Clients have attained Majority (i.e. 21 years of age in case of Minor whose Guardian is court-appointed or 18 years where Minor's account is represented by a natural guardian). DPs have been requesting NSDL to permit the accountholder to continue with the same account rather than opening a new account upon attaining majority. In this regard, it has been decided that henceforth the accountholder (minor who has attained majority) need not open a new account upon attaining majority. In view of the foregoing, DPs are hereby advised to follow the revised procedure mentioned in the enclosed Annexure. **DPs are once again reminded that the account opened in the name of a minor should not have joint holder(s).** For further information / clarification, DPs are requested to contact Mr. Kaushal Shah on Tel. No. (022) 2499 4214 (email : kaushals@nsdl.co.in).

Annexure

S. No.	Procedure	Reference	Remark
1	Ascertain the cases where Minors have attained Majority.	Access the module 'Reports' / Master List / Minor turned Adult available in the DPM System	Report displays accounts that are in status 'Active', 'Suspended for Debit' and 'Suspended for Debit & Credit'
2	Communicate to the Client (Minor attained Majority) immediately advising him/her to submit a fresh account opening form alongwith necessary KYC documents and PAN card alongwith photograph of the Client.	Point no. (I) (1) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007 and Annexure J of Business Rules	Income Tax Department (ITD) issues a new PAN card with same PAN with relevant changes on PAN card, on Minor attaining majority. For detailed procedure, DPs may refer http:// www.incometaxindia.gov.in or http://www.tin-nsdl.com.
3	Suspend the account for debit and disable the standing instruction for credit pertaining to the account of Minor.	DPM System	This is in case where the Client does not respond within one month from the date of communication as mentioned in point no. 2 above.

S. No.	Procedure	Reference	Remark
4	Verify the account opening form alongwith necessary KYC documents and PAN as mentioned under point no.2 herein above.	Point nos. (I) (1) and (2) (2.1) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007 and Circular no. NSDL/POLICY/2008/0030 dated April 30, 2008.	
5	Capture the new demographic details in the DPM system after due verification of same.	Point no. (I) (11) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007.	Ensure that the demographic details captured in the DPM system match with the details in the new account opening form, KYC documents and PAN card submitted by the Client. If there is mismatch in the demographic details captured in the DPM system or if Client submits a request for modification of such details like change of Bank details, address details, etc. follow the relevant procedure.
6	Capture the signature of the Client (Minor turned Major) in the system in place of the signature of the Guardian (captured earlier).	DPM System	
7	Execute a fresh DP-Client agreement with the Client.	Annexure B of the Bye Laws of NSDL.	Retain the KYC documents of Guardian alongwith DP - Client agreement executed earlier at the time of account opening by the Guardian on behalf of the client as a part of account opening documents.
8	Select "None" or "Nominee" as the case may be in the field 'Nominee/Guardian' in the DPM system to disable the entire Guardian details in the said account. If "Nominee" is selected enter the nomination details.	Point nos. (I) (10) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007 and Annexure JA of Business Rules	Select the option after the aforesaid procedure as mentioned in point nos. is followed and the identity of the Client is verified. As the Client has become Major, he/she can now make a nomination in his/her account in favour of any person by filing with the DP a request for making a nomination prescribed form.

S. No.	Procedure	Reference	Remark
9	Any request or instruction from the guardian, which are to be processed or is having execution date falling on or after the date the Minor has turned Major, shall be processed/executed only after receipt of confirmation from the Client (Minor turned Major).	Point no. (I) (11) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007.	As Clients who have attained Majority are legally entitled to execute a contract, DPs are advised **NOT** to accept any requests or instructions signed by the Guardian on behalf of the Client on or after the date the Client has turned Major.
10	**Client (Minor turned major) but account is suspended for debit for non-compliance with PAN requirement**		
	Follow the procedure mentioned in point nos. 1 to 8 above and capture the PAN details in the DPM System and enable the PAN flag	Point no. (I) (2) (2.1) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007.	As Clients who have attained Majority are legally entitled to execute a contract, DPs are advised **NOT** to accept any requests or instructions signed by the Guardian on behalf of the Client on or after the date the Client has turned Major.
11	**Accounts already suspended in cases where Clients have not responded**		
	Follow the procedure as mentioned under point no. 2 to 8 above.	Point no. (I) (5), (5.1) and (5.2) of Circular no. NSDL/POLICY/2007/0077 dated December 19, 2007	This is in cases where the accounts pertaining to Minor Clients are suspended for debit and the standing instruction for credit is disabled on account of failure of the Clients to respond within the period of one month from the date of communication to Client from DPs.

Circular No: NSDL/POLICY/2008/0030 Date: April 30, 2008	***Sub: SEBI's clarification on 'In-person' verification of Beneficial Owner (BO) at the time of account opening***
	All Depository Participants (DPs) are hereby informed that SEBI has clarified vide its letter no. F.No.47-2006/ISD/SR/122539/2008 dated April 4, 2008 and subsequently in the meeting held with both the Depositories and Stock Exchanges on April 15, 2008 that 'in-person' verification of BOs at the time of account opening should be carried out by the DP staff only.
	In view of the above, DPs are advised to observe strict compliance of the same and ensure that 'in-person' verification of BOs at the time of opening demat accounts is carried out by the DP staff only. If DPs find that carrying out 'in-person' verification of Non-Resident Indians (NRIs) / Foreign Nationals

	(FN) is infeasible, then in such cases, they should obtain from the NRI/FN Clients KYC documents (proof of identity and proof of address) attested by any one of the following entities viz; Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General of the country where NRI/ FN is residing [outside India]. In cases where 'in-person' verification was not carried out by staff of the DP in respect of demat accounts opened from April 2006 till February 2008 or any such cases subsequently, DPs are advised to carry out 'in-person' verification of Clients by their own staff and submit a certificate in this regard to NSDL duly certified by the Compliance officer on or before August 31, 2008, as advised by SEBI. For any further information / clarification, DPs are requested to contact Mr. Ashish Kini on Tel. No. (022) 2499 4494 (email : ashishk@nsdl.co.in).
Circular No: NSDL/POLICY/ 2008/0018 Date: March 24, 2008	*Sub : Guidelines on opening of Trust accounts* Depository Participants (DPs) have been requesting NSDL to issue a consolidated circular for the procedure regarding opening of Beneficial Owner [BO] accounts in case of 'Trusts'. In consideration of the requests of DPs, the procedure and documents required for the opening of BO accounts in case of registered trusts/ public trusts, un-registered / private trusts and trusts established by organisations for providing terminal benefits to its employees such as Provident Fund trusts, Gratuity trusts, Superannuation trusts etc. are consolidated herein. **1) Reference Circulars :** As all DPs are aware, at the time of opening BO accounts, DPs are required to obtain KYC documents as given in the following provisions of NSDL Circular No.NSDL/POLICY/2007/0077 dated December 19, 2007: (i) Proof of Identity and Proof of Address of the BO Client / Applicant, including carrying out 'in-person' verification, as per the procedure laid down in Clause No. (I) (1) for non body-corporate accounts and NSDL Circular No. NSDL/POLICY/2008/0010 dated February 27, 2008, (ii) Clause no. (II) (1) for opening body-corporate accounts, (iii) PAN and Bank details as mentioned in Clause No. (I) (2) (2.1) and (2.3) respectively. Further, as mentioned in NSDL Circular No. NSDL/POLICY/2006/0031 dated August 9, 2006, DPs are required to obtain and capture the PAN details of registered and unregistered Trust, as the case may be. **2) Registered Trust :** In case the BO account is to be opened by a registered trust where a registration certificate is issued by a Statutory Authority under the provisions of the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, DPs are advised to obtain the following documents: (i) Requisite KYC documents, PAN and Bank details of the registered

trust as per the requirement mentioned at Point Nos. 1 (ii) and (iii) above under the heading 'Reference Circulars',

(ii)   Notary certified true copy of the trust deed,

(iii)   Certified true copy of registration certificate issued by the authority under provisions of the Bombay Public Trusts Act, 1950 or The Indian Societies Registration Act, 1860,

(iv)   Certified copy of the resolution passed by the Board of Trustees giving the names of trustees authorised by the Board of Trustees to open and operate the BO account.

After obtaining the documents, DPs are advised to follow the below mentioned procedure:

(i)   Open the BO account under the category and in the name of "Trust",

(ii)   Capture the PAN and Bank details of the registered trust in the DPM System after due verification,

(iii)   Capture the signature of the trustee(s) in the DPM System.

3)   Unregistered Trust :

The Department of Company Affairs had vide its circular dated June 12, 1957 clarified that the shares in a company which are the property of trust can be held in the names of trustees being Individuals, Corporations, Companies or Societies registered under the Societies Registration Act, 1860 without the addition of the statement that they are trustees. It is also further clarified in the said circular that the shares can be held in the name of a trust if the trust is a separate legal entity such as registered society. Hence, unless the trust is a separate legal entity, the BO accounts have to be opened in the names of trustees irrespective of whether they are Individuals, Corporations or Companies.

As per the circular issued by the Department of Company Affairs, the relationship of trust between a trustee and the beneficiary is not required to be taken note of in the account by the DPs while opening the BO account. Trusts established for holding of securities for the benefit of family members, holding of securities for the benefits of employees etc would fall in this category. In these cases, DPs are advised to treat the applicant as a private trust and obtain the following documents :

(i)   Notary certified true copy of the trust deed,

(ii)   If the trustee(s) are individuals, then open the BO account in the individual name under the category 'Individual' by obtaining documents mentioned in Point Nos. (1) (i) and (iii) above under the heading 'Reference Circulars',

(iii)   In case the trustee(s) of the unregistered trust are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, then open the accounts in their respective names under the Type 'Body-Corporate' and Sub-type 'Others' by obtaining documents mentioned at Point Nos. (1) (ii) and (iii) above under the heading

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'Reference Circulars'. Further, DPs should obtain certified copies of the resolution passed by such entities giving the names of the authorised official(s) i.e. trustee(s) who shall open and operate the BO account,

(iv) Only those securities that belong to the trust can be held in such a BO account. Securities belonging to the trustee(s) in their individual capacities will have to be held in separate BO account(s) of such person(s),

(v) Capture the PAN and Bank details of the unregistered trust in the DPM System, after due verification,

(vi) Capture the signature of the individuals in case the trustee(s) are individuals. In case the trustee(s) of the unregistered trust are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, capture the signature of the authorised signatories in the DPM System.

4) Opening of Terminal Benefit Funds operated as Trusts:

In case of terminal benefit funds such as Provident Fund / Gratuity Fund / Superannuation Fund that are operated as Trusts and where a Recognition Certificate is issued by the Income Tax Authorities and / or the Regional Provident Fund Commissioner, as the case may be, DPs are advised to obtain the following documents:

(i) Requisite KYC documents, PAN and Bank details of the trust by following the circulars mentioned at Point Nos. 1 (ii) and (iii) above under the heading 'Reference Circulars',

(ii) Notary certified true copy of the trust deed,

(iii) Certified true copy of Recognition Certificate issued by the Income Tax Authorities and / or the Regional Provident Fund Commissioner, as the case may be,

(iv) Certified copy of the resolution passed by the Board of Trustees giving the names of trustee(s) authorised by the Board of Trustees to open and operate the BO account,

(v) Only those securities that belong to the trust can be held in such an account. Securities belonging to the trustee(s) in their individual capacities will have to held in a separate BO account(s) of such person(s).

After obtaining the documents, DPs are advised to follow the below mentioned procedure:

(i) Open the BO account under the category and in the name of "Trust",

(ii) Capture the PAN details and Bank details of the registered trust in the DPM System after due verification,

(iii) Capture the signature of the trustee(s) in the DPM System.

5) Change of address:

Procedures as laid down in Point Nos. (I) 11 (11.1) and (II) 4 (4.1) of NSDL Circular No.NSDL/POLICY/2007/0077 dated December 19, 2007, as the case may be, should be followed by the DPs in case of change of address.

6) Treatment for the existing accounts:

6.1) This Circular will be applicable to all existing accounts. The existing accounts for which the procedure mentioned above has not been followed, DPs would be required to inform their Clients to close the existing BO accounts and open new BO accounts under the correct category as mentioned above and thereafter transfer the securities from the old BO accounts to the new BO accounts and close the old BO accounts by June 30, 2008. In the cases where accounts have been opened in the correct category but the requisite documents as mentioned above are not obtained, then such documents should be obtained by June 30, 2008.

6.2) In case old BO accounts are closed and new BO accounts are opened and the securities are transferred from the old BO accounts to the new BO accounts as per guidelines laid down in this circular by June 30, 2008, then DPs may claim for waiver of settlement fees subject to the following conditions:

(i) The PAN details in the source and the target BO accounts i.e. of the registered or unregistered trust should be identical.

(ii) The DP submits waiver request along with necessary supporting documents [copy of account closure form as specified in Annexure Q, duly filled & signed by the account holder(s) along with duly certified (signed and stamped) Client Master Report in crystal format of the DP where the target BO account is held] should be submitted to NSDL within one month from the date of the bill.

In case DPs are unable to close the old BO accounts due to pending demat / remat requests, ISIN in suspended status, fractional position or due to open pledges etc., DPs should freeze the account i.e 'suspended for debit and credit'.

6.3) If the old accounts mentioned in at Point No. 6 (a) are not closed by June 30, 2008, then DPs will have to send a reminder communication to such Clients in the first week of July, 2008 advising them to open a new BO account in the manner mentioned above.

For further information / clarification, DPs are requested to contact Mr. Narayan Venkat on Tel. No. (022) 2499 4479 (email : narayanv@nsdl.co.in).

Circular No: NSDL/POLICY/ 2008/0010 Date: February 27, 2008	***Sub: SEBI's clarification on various topics relating to 'in-person' verification of BOs at the time of opening demat accounts***
	All Depository Participants (DPs) are hereby informed that Securities and Exchange Board of India (SEBI) has vide its letter no. F.No.47-2006/ISD/SR/ 118153/2008 dated February 22, 2008 has issued clarification about 'in-person' verification (IPV) of Clients with respect to the below given topics, marked in italics:
	1. IPV in case of Non Resident Indians (NRIs) / Foreign Nationals (FN):
	In the case of NRIs/FNs, considering the infeasibility of carrying out IPV by DP staff, attestation of KYC documents by Notary Public, any Court, Magistrate, Judge or Local Banker of the Client may be permitted.
	Further explanation provided by NSDL : Attention of DPs is invited to point no. (I) (7) (7.1) of NSDL Circular No.NSDL/POLICY/2007/0077 dated December 19, 2007 regarding attestation of KYC documents by Indian Embassy / Consulate General of the country where NRI/FN is residing. In light of the SEBI clarification, if DPs find it infeasible to carry out IPV of the NRI/FN Clients, in such a situation, NRI/FN Clients should get their KYC documents attested by any one of the seven mentioned entities viz; Notary Public, any Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General of the country where NRI/FN is residing.
	2. IPV carried out by the staff of holding or subsidiary company of a DP:
	The staff of holding company or subsidiary company (as defined in Companies Act, 1956) of a DP may do the verification pursuant to a written agreement with the DP and after obtaining the Depository's permission. However, the responsibility of KYC compliance will remain with the DP.
	Further explanation provided by NSDL : DPs are advised to obtain prior approval of NSDL with a request letter which states that the DP has a written arrangement with its holding / subsidiary company as the case may be and shall ensure compliance of SEBI / NSDL regulations and circulars.
	3. IPV carried out by the staff of a group company of a DP :
	The term 'group company' is not defined in Companies Act or SEBI Act or Depositories Act. The scope of common parlance understanding of group company may be very wide defeating the objective of tightening of KYC compliances while opening beneficial owner (BO) accounts. Therefore, the staff of a group company of the DP may not be permitted to conduct KYC on behalf of the DPs.
	No further explanation required.
	4. IPV carried out by the staff of franchisees/ direct selling agents :
	The staff of a franchisee or direct selling agents may not be permitted to conduct KYC on behalf of the DPs.

Further explanation provided by NSDL : As all DPs are aware, the staff of NSDL approved franchisees or direct selling agents is not permitted to carry out IPV of the Clients / Applicants, at the time of opening demat accounts. However, such an entity may provide other depository related services as prescribed by NSDL in its various circulars.

5.   IPV carried out by the SEBI-registered brokers acting as franchisees of DPs :

As per the Depository submissions, it is seen that the brokers of stock exchanges act as franchisees of DPs. Since the brokers have a regulatory obligation to conduct KYC verifications of their secondary market clients, the very same brokers who act as franchisees of DPs may be allowed to conduct IPV while opening BO accounts with the DPs.

No further explanation required.

In light of the above clarification issued by SEBI, DPs are requested to note that in case IPV has been carried out by the holding/subsidiary company of the DP or SEBI registered brokers acting as franchisees of the DP (franchisees approved by NSDL), all DPs are advised that point no. (I) (1) (1.1) (c) (ii) of NSDL Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007 i.e. IPV details will undergo certain changes wherein the name of the entity including category i.e. holding/subsidiary company of the DP or SEBI registered brokers acting as franchisees of the DP, staff details of the entity and signature in presence of the staff of the entity, would be required to be incorporated/mentioned in the IPV details.

For further information / clarification, DPs are requested to contact Mr. Narayan Venkat on Tel. No. (022) 2499 4479 (email : narayanv@nsdl.co.in).

Master Circular on 'Account Opening'	
Circular No: NSDL/POLICY/ 2007/0077 Date: December 19, 2007	*Sub : Master Circular on 'Account Opening' - Version 1* As all Depository Participants (DPs) are aware, since the inception, various guidelines with respect to opening of depository accounts pertaining to various type of Clients such as individual, corporate, illiterate person, Karta of HUF (Hindu Undivided Family), NRI (Non Resident Indian) etc. have been issued, which have been disseminated through various circulars. In this regard, a 'Master Circular' on 'Account Opening' is now being issued, wherein various circulars issued till date have been consolidated/aggregated into a single circular, which is enclosed for the information of DPs. Master circular on 'Account Opening' would be of an immense advantage to DPs as it would serve as a single point reference document. In this regard, DPs are advised to note that the details which have become redundant have been deleted from the master circular. Certain additional details which are relevant to the topic have been added / modified accordingly. Further, reference number and date of issuance of the circulars till date is incorporated in the relevant areas of the master circular for ready reference. For further information / clarification, DPs are requested to contact Mr. Narayan Venkat on Tel. No. (022) 2499 4479 (email : narayanv@nsdl.co.in).

Annexure
Master Circular on 'Account Opening' - Version 1

Sr.No	Topic

(I) **Guidelines in respect of account opening in case of individuals (Non-Body Corporate)**

1 **Individuals, Karta of HUF, Partners in case of Partnership firm, Guardian in case of minor account**
   1.1 In-person verification of applicant(s) at the time of opening depository account
   1.2 Execution of agreement
   1.3 Submission of valid proof of identity / proof of address
   1.4 Collection of KYC documents in case of joint holdings
   1.5 Verification of Documents
   1.6 Exercising of due diligence
   1.7 Application of stricter criteria in selecting KYC documents
   1.8 Concurrent Audit with respect to account opening

2 **Procedure for capturing of demographic details of the account holder(s)**
   2.1 Capturing of PAN details
   2.2 Capturing of local and correspondence address
   2.3 Capturing of Bank details

3 **Mode of capturing the details in the DPM System**

4 **Procedure for opening HUF account**

5 **Procedure for opening of a minor account**
   5.1 Procedure to be followed by DPs on minor attaining majority
   5.2 In case minor account is frozen due to non-compliance of PAN requirement
   5.3 Minor as a nominee

6 **Accounts opened in the names of Partners for holding securities that belong to a Partnership firm**

7 **Non-Resident Indian / Foreign National (NRI/FN)**
   7.1 KYC documentation for NRI and FN Clients
   7.2 Opening of NRI (Repartiable/Non- Repartiable) account
   7.3 Reserve Bank of India (RBI) Clarification with respect to NRI / FN

8 **Opening of account of an illiterate person**

9 **Opening of an account of a Blind person**

10 **Procedure to be followed with respect to Nomination**

11 **Procedure for change in demographic details**
   11.1 Change of address
   11.2 Change of Signature
   11.3 Change in status of Standing Instruction
   11.4 Change in bank details such as account type, account number, name, address and MICR
   11.5 Addition / Deletion / Modification of Power of Attorney holder(s)
   11.6 Make a nomination / Cancel the Nomination

(II) **Guidelines in respect of account opening in case of Body-Corporate**

1 **Procedure for opening account of a Body-Corporate**
   1.1 Documents to be obtained at the time of opening depository account
   1.2 Verification of documents
   1.3 Verification of PAN, address and bank details

2 **Additional requirement with respect to Foreign Corporate Bodies**

3 **Opening of an Escrow Account**

(I) **Guidelines in respect of account opening in case of individuals (Non-Body Corporates)**

1) **Individuals, Karta of HUF, Partners in case of Partnership firm, Guardian in case of minor account**

1.1) **In-person verification of applicant(s) at the time of opening depository account** (NSDL/POLICY/2007/0016 dated March 16, 2007)

(a) At the time of opening depository accounts, the staff of the Depository Participant (DP) should establish the identity of the applicant(s) (including guardian in case of minor account) by verifying the photograph(s) affixed in the account opening form (Annexure J) as well as proof of identity document(s) as mentioned below in point no.(I)(1)(1.3), **with the person** concerned. Further, in case of joint accounts, **'in-person'** verification needs to be carried out for all the holders of the account.

(b) The staff of the DP only should carry out **'in-person'** verification. The DP should **not** outsource or assign the activity of **'in-person'** verification to an outside agency.

(c) Upon the applicant(s) submitting the account opening form, proof of identity & address documents and PAN details, staff of the DP should follow the procedure as given below:

(i) Verify the identity of the applicant(s) as clarified in point no.(I) (1) (1.1) (a) above.

(ii) After due verification, affix a stamp on the face of the account opening form or on the document(s) collected as proof of identity to the effect that the identity of the applicant(s) is verified **'In-Person'**. The stamp should carry the following details:
- ➢ Name of the DP and DP Id,
- ➢ Name / Details of Branch/Service Centre,
- ➢ Details of the DP staff who has carried out **'in-person'** verification (Name, Employee code if any, Signature),
- ➢ Date and place where **'in-person'** verification was carried out.

> ➤ Signature of the applicant(s) signed in the presence of the DP staff. In case of joint accounts, all holders should sign in the presence of the DP staff.

(d) If the DP wishes to keep the above records mentioned in point (I) (1) 1.1 (c) (ii) (i.e verification details) in an electronic form, prior approval from NSDL should be obtained as per the NSDL Business Rule 16.4.1. Further, the DP should ensure that the records are made available to NSDL officials, SEBI or any other Statutory Authority, whenever required.

(e) DPs can stamp or print the **'in-person'** verification details on the account opening form (Annexure J). Such details may be stamped or printed on any page, as the DP may deem fit without making illegible the other details mentioned in the account opening form. However, attachment of separate sheet to the account opening form or affixing stickers on the account opening form carrying 'in-person' verification details will not be permitted. (NSDL/POLICY/2007/0022 dated April 18, 2007).

(f) In regard to **'in-person'** verification, SEBI has advised both the depositories as follows (NSDL/POLICY/2007/0068 dated November 12, 2007):

(i) to observe strict compliance in conducting **'in-person'** verification of Beneficial Owners at the time of opening demat accounts (SEBI letter no. F.No.47-2006/ISD/SR/106435/2007 dated October 17, 2007).

(ii) to ensure that **'in-person'** verification is carried out by the staff of the DP and to follow uniform procedures to ensure strict KYC compliance while demat accounts are opened with DPs (SEBI letter no. F.No.47-2006/ISD/SR/108089/2007 dated November 6, 2007).

1.2) The applicant should fill up the Account Opening Form as per the format given in Annexure J of the Business Rules of NSDL and submit the same to the DP alongwith the agreement (as per Annexure B in the Bye Laws) duly executed on a stamp paper of appropriate value. Further, the DP shall be responsible in deciding the value of the stamp paper. The schedule of fees to be charged by the DP to the Client should form a part of the agreement.

1.3) The applicant should submit any one of the following as a valid proof of identity / proof of address alongwith a photocopy: (NSDL/PI/2004/1622 dated September 7, 2004)

(a) Proof of Identity (POI) :

I. Passport
II. Voter ID Card
III. Driving license
IV. PAN card with photograph
V. Identity card/document with applicant's Photo, issued by

a) Central/State Government and its Departments,

b) Statutory/Regulatory Authorities,

c) Public Sector Undertakings,

d) Scheduled Commercial Banks,

e) Public Financial Institutions,

f) Colleges affiliated to Universities (**this can be treated as valid only till the time the applicant is a student**),

g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members, and

h) Credit cards/Debit cards issued by Banks.

(b) Proof of Address:

I. Ration card

II. Passport

III. Voter ID Card

IV. Driving license

V. Bank passbook / Bank Statement (NSDL/POLICY/2007/0074 dated December 01, 2007)

VI. Verified copies of

a) Electricity bills (**not more than two months old**),

b) Residence Telephone bills (**not more than two months old**) and

c) Leave and License agreement / Agreement for sale.

VII. Self-declaration by High Court & Supreme Court judges, giving the new address **in respect of their own accounts**.

VIII. Identity card/document with address, issued by

a) Central/State Government and its Departments,

b) Statutory/Regulatory Authorities,

c) Public Sector Undertakings,

d) Scheduled Commercial Banks,

e) Public Financial Institutions,

f) Colleges affiliated to Universities (**this can be treated as valid only till the time the applicant is a student**) and

g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

1.4) In case of joint holdings, POI and Proof of address documents must be collected in respect of all the account holders.

1.5) An authorised official of the DP should verify the photocopies of documents submitted with their corresponding originals and put his/her signature on them with remarks **"verified with original"** before proceeding to open the account.

1.6) The aforesaid documents are the minimum requirement for opening of a beneficiary account. DPs are advised to exercise due diligence while establishing identity of the person to ensure the safety and integrity of the depository system.

1.7) DPs can apply stricter criteria and accordingly, decide to accept selected documents out of the list of documents prescribed above (point no. (I) (1) 1.3), as POI and Proof of Address (NSDL/PI/2004/2117 dated November 25, 2004).

1.8) 100% verification needs to be carried out in respect of account opening by the Concurrent Auditor of the DP. The Concurrent Auditor should conduct the audit in respect of all accounts opened during the day, by the next working day. In case the audit could not be completed within the next working day due to large volume, the auditor should ensure that the audit is completed within a week's time. DPs would be required to appoint a firm of qualified Chartered Accountant(s) or Company Secretary(ies) holding a certificate

of practice for conducting the concurrent audit. DPs in case they so desire, may entrust the Concurrent Audit to their Internal Auditors. (NSDL/POLICY/2006/0021 June 24, 2006 and NSDL/POLICY/2007/0017 dated March 22, 2007).

(2) Procedure for capturing of demographic details of the account holder(s)

(2.1) Capturing of PAN details

(NSDL/POLICY/2006/0007 dated March 3, 2006)

(i) DPs should obtain a photocopy of the PAN card of the person(s) seeking to open the account and verify the same with the original PAN card.

(ii) Further, the name of demat account holder(s) should be compared with the name appearing on the website of the Income Tax Department (ITD) i.e. http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp or alternatively subscribe to the internet based service of NSDL (NSDL/POLICY/2007/0048 dated August 14, 2007) On this website, the name can be sought against the given PAN.

(iii) In case the name(s) do not match or the PAN is not present in the Income Tax database, DPs should seek necessary clarification from the account holder(s) and activate such accounts in the DPM System only after the discrepancy is resolved.

(iv) In case of joint accounts, the PAN of each of the joint holder should be captured in the DPM System after making verification as explained above. As all DPs are aware, DPM System is enabled to capture PAN of all joint holder(s) of a demat account.

(v) After verifying the details of PAN as mentioned above, the staff of the DP should affix a stamp as **'PAN verified'**, on the photocopy of the PAN card(s).

(vi) Thereafter, PAN flag(s) should be enabled in the DPM System. (NSDL/POLICY/2006/0012 dated March 25, 2006.)

2.1.1) With respect to PAN, Clients may have reported the following problems:

(a) PAN card has been lost / misplaced or PAN card was never received but has the PAN allotment letter from the ITD;

(b) Change in the name of the Client due to marriage or voluntary action etc., (in case of individuals) or due to merger, amalgamation etc (in case of a corporate entity).

In this regard, DPs are advised that the ITD issues a new PAN card with the same PAN with changes in PAN data, for the above reported problems. For detailed procedure, DPs may refer http://www.incometaxindia.gov.in or http://www.tin-nsdl.com (NSDL/POLICY/2006/0024 dated July 7, 2006).

2.1.2) With effect from September 15, 2007, DPs have been restricted from modifying the PAN of a holder in a Client account in DPM System, once the PAN flag has been enabled. (NSDL/POLICY/2007/0052 dated September 13, 2007).

(2.2) Capturing of local and correspondence address (NSDL/PI/2005/1102 dated June 22, 2005)

(a) DPs can capture two addresses in the DPM System for a Client (first holder/sole holder) i.e. local and correspondence address. The Client Master Report and Export will carry both these addresses.

(b) For both local and correspondence address of a Client, DPs should ensure that they collect and verify the KYC documents as mentioned in point nos. (I) (1) (1.3) (Individual) and (II) (1) (1.1) (Body-Corporate) and only then the same should be captured in the DPM System.

(c) The local address would be the default address that would be forwarded to the Registrar & Transfer Agent (RTA) as well as used for printing Transaction Statement (SOT) from

DPM System. However, the Client has the option to request the DP to use the other address i.e. correspondence address for the aforesaid purposes. In such a situation, the DP should disable the default indicator under the option "Beneficiary Address Local" (referred to as 'Address Preference Flag' in batch file import format). DP may note that for all existing accounts, the local address would be the default address.

(2.3) Capturing of Bank details (NSDL/PI/2000/2295 dated December 20, 2000):

Complete bank address including 9-digit MICR code is necessary for the Issuers to undertake distribution of corporate benefits directly to the bank accounts of beneficial owners. DPs are hereby advised to obtain a specimen copy of cheque and capture 9-digit MICR codes for all the accounts opened with them. Further, DPs are advised to capture bank address details strictly in the manner described below:

Row 1 : Building / Tower / Apartment / Palace / Chamber / Mansion

Row 2 : Street / Road / Marg / Lane / Avenue / Rasta

Row 3 : Area name

Row 4 : City name

Pin code : Bank address pin code

(3) Mode of capturing the details in the DPM System

(a) The DP should enter the details of the Client as mentioned in the Account Opening Form, in the DPM System after verifying with the POI and Proof of Address. It may be mentioned that DPs can avail the facility of Bulk Verify and Release with respect to opening of Client accounts in the DPM System (NSDL/PI/2007/0019 dated April 4, 2007).

(b) The DP should capture the Client's signature(s) as given in the Account Opening Form in the DPM System.

(c) The DP should save the details and enter the Client account number (Client ID) generated by DPM System in the Account Opening Form.

(d) The DP should print the Client Master Report and give it to the Client alongwith a copy of the Agreement. Such information should be provided only after the account is in "Active" status in the DPM System. (NSDL/PI/98/583 dated November 18, 1998)

(4) Procedure for opening HUF account

(a) Open the beneficiary account in the name of the Karta of the HUF.

(b) POI and Proof of Address of 'Karta' should be obtained as mentioned in point no. (I) (1) (1.3).

(c) PAN details of the HUF should be captured in the DPM System after due verification. (NSDL/POLICY/2006/0031 dated August 9, 2006)

(d) A mandate may be taken from the accountholder that the cheques drawn in favour of 'Karta' can also be collected in the account of HUF and vice-versa as Clients who have opened HUF accounts in the name of 'Karta' may face difficulty in encashing cheques / demand drafts in respect of dividend / interest warrant, since the bank account has been opened in the name of HUF. DPs are advised to take note of the above and provide a copy of 'Client Master Report' so as to enable the Clients to suitably take up the matter with their banks. A copy of the letter received from RBI, clarifying the stand to be taken with respect to bank account that are opened in the name of HUF may be provided at the request of the Client's bank. (NSDL/PI/2005/0159 dated January 27, 2005 and NSDL/POLICY/2007/0064 dated October 19, 2007)

(5) Procedure for opening of a minor account

SEBI has intimated to NSDL clarifying the position on operation of the depository accounts held in the name of minors as follows:

"Under [The] Hindu Minority and Guardianship Act, 1956, permission of court is required in the case of transfer by a natural guardian of immovable property of a minor. However, shares are not immovable property. Section 2(7) of Sale of Goods Act, 1930 includes shares within the definition of "goods". Neither the Indian Contract Act nor the Sale of Goods Act provide for transfer by sale or otherwise by guardian/natural guardian of goods/movable property in the name of minor to the effect that permission of court is required in the matter of such transfer. In the case of accounts of minor in banks also, the guardian is entitled to open, operate and even close the account also. **The DP account can, therefore, be operated by a natural guardian without any order from the court though the same is neither expressly permitted nor prohibited.**" (NSDL/PI/2000/323 dated March 17, 2000)

DPs should follow the below given procedure for opening demat account of a minor: (NSDL/POLICY/2007/0004 dated January 11, 2007)

(i)   Account opened in the name of minor should not have joint holder(s).

(ii)   Obtain POI, Proof of Address and the photograph of the Guardian as per the procedure laid down in point no.(I) (1) 1.3 above.

(iii)   Photocopy of school leaving certificate / Marksheet issued by Higher Secondary Board of respective states, ICSE, CBSE / passport of the minor / original or attested or notarized (in case of photocopy) birth certificate of the minor to ascertain the date of birth of the minor. At the time of accepting either of these documents, DP should verify the same with the original.

(iv)   PAN details of the minor should be captured in the DPM System after due verification. (NSDL/POLICY/2006/0031 dated August 9, 2006)

(5.1) Procedure to be followed by DPs on minor attaining majority (NSDL/POLICY/2007/0004 dated January 11, 2007)

On minor attaining majority (i.e. 21 years of age in case of minor whose Guardian is court-appointed or 18 years where minor's account is represented by a natural guardian), DPs should follow the procedure given hereunder. Further, to ascertain the minors who have attained majority, DPs can access module 'Reports' / Master List / Minor turned Adult available in the DPM System (Report displays accounts that are in status 'Active', 'Suspended for Debit' and 'Suspended for Debit & Credit')

(i)   Communicate to the Client (minor attained major) about opening fresh demat account. If the Client does not respond within one month from the date of communication, DPs are advised to suspend the account for debit and disable the standing instruction for credit pertaining to the account of minor.

(ii)   On Client approaching the DP for opening a new account, DPs are advised as follows:

(a)   Follow the account opening procedure mentioned in point no. (I) (1) above including executing an agreement with the Client, as prescribed under Annexure B of the Bye Laws of NSDL.

(b)   DPs are advised to note that ITD issues a new PAN card with same PAN with changes on PAN data, on minor attaining majority. For detailed procedure, DPs may refer http://www.incometaxindia.gov.in or http://www.tin-nsdl.com. DPs are advised to direct their Clients accordingly, obtain new PAN details of the Client, follow the procedure laid down in point no. (I) (2) (2.1) above and

capture the same in the DPM System. After due verification, enable the PAN flag in the DPM system.

(5.2) **In case minor account is frozen due to non-compliance of PAN requirement**

    (a) Obtain photocopy of PAN card of the Client who has attained majority. Further, the PAN card should carry the details of the Client in the capacity of a major and not of a minor.

    (b) DPs should satisfy itself that the PAN details submitted by the Client are indeed of the same Client who has attained majority. In this regard, DPs may call for any additional documents and / or clarifications to ascertain and satisfy itself about the identity of the Client.

    (c) After following the procedure mentioned in point (I) (2) (2.1) above, DPs are advised to file the photocopy of the PAN card alongwith the KYC documents of the minor.

    (d) Thereafter, DPs are advised to follow the procedure in the belowgiven sequence:

        (i) Remove the suspension by initiating unfreeze instruction in the account of the minor. Ensure that the status of the unfreeze instruction is 'Closed,Settled',

        (ii) Transfer the securities to the account of the Client i.e. Client who has attained majority. The account may be opened with the same DP or any DP as per the choice of the Client. DPs can ascertain the target details of the Client by obtaining the Client Master Report from the target DP.

        (iii) Immediately close the account of the minor.

        DPs may submit the claim for waiver of transaction fee charged on account of minor attaining majority, once a month, (not later than two months after opening the new account) to NSDL. Further, DPs are requested to note that if the Client has opened a new account in its name, however, with joint holdings, such an account with joint holdings shall not be eligible for waiver of transaction fees. (NSDL/PI/2005/0395 dated March 4, 2005)

(5.3) In case a minor is a nominee, then DPM System has the facility to enable/capture the following additional information: (NSDL/PI/2005/1102 dated June 22, 2005)

- Flag to indicate whether nominee is a minor;
- Date of birth of the minor nominee; and
- Details of name and address of the Guardian of the minor nominee.

(6) **Accounts opened in the names of Partners for holding securities that belong to a Partnership firm** (NSDL/POLICY/2007/0009 dated February 12, 2007)

    (i) The account should be opened only in the name of Partners and the securities that belong to the Partnership Firm can be held in this account.

    (ii) Obtain POI and Proof of Address of the Partners as per the documents mentioned in point no. (I) (1) 1.3. Further, obtain a copy of the Partnership Deed to verify the names of Partners.

    (iii) Obtain an undertaking in the prescribed format from the Partners to the effect that the Partners would comply with the provisions of the Companies Act, 1956 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the name of the Partners.

    (iv) PAN details of the Partnership firm should be captured against the names of all the Partners after due verification (NSDL/POLICY/2006/0031 dated August 9, 2006).

    (v) Capture the bank details of the Partnership firm.

(7) Non-Resident Indian / Foreign National (NRI/FN)

(7.1) Procedure to be followed by DPs with respect to KYC documents and PAN of NRI (Repartiable/Non- Repartiable) and FN at the time of opening an account in the respective category:

(i) Obtain POI and Proof of Address of the applicant as per the procedure laid down in point no. (I) (1) 1.3 above.

(ii) Obtain a declaration from the Client that he/she has complied and will continue to comply with FEMA regulations.

(iii) DPs are advised to obtain photocopies of Proof of Address in respect of foreign address where the NRI/FN is residing and verify the same with originals. In case the NRI/FN Clients have Indian address, DPs are advised to obtain photocopies of Proof of Address of local address and verify the same with originals. Further, in case if the NRI/FN has submitted only Proof of Address of the country (foreign address) where the NRI/FN is residing, in such a situation, DPs may capture the foreign address in both local and foreign address field given in the DPM System.

(iv) If DPs find it infeasible to carry out **'in-person'** verification of the NRI/FN Client by their staff and/or verify the original KYC documents (POI and Proof of Address i.e. foreign address, where the NRI/ FN is residing) alongwith PAN card, in such a situation, it is clarified that:

(a) the account opening form and photocopies of the KYC documents and PAN card should be duly signed by the account holder; and

(b) photocopies of the KYC documents and PAN card is attested by the Indian Embassy/Consulate General of the country where NRI/FN is residing; and

(c) the attestation is to the effect that it has been verified with the originals.

DPs should open the depository accounts or accept the PAN card only after it is satisfied with the authenticity of the documents (POI, Proof of Address and PAN card).

(v) In case where **'in-person'** verification for NRI/FN Client has been carried out by the staff of the DP or if he/she personally visits the office of the DP to submit the KYC documents and PAN card, in such a situation, the NRI/FN would be exempted from obtaining attestation, on KYC documents and PAN card.

(NSDL/POLICY/2007/0022 dated April 18, 2007, NSDL/POLICY/2006/0049 dated October 19, 2006 and NSDL/POLICY/2006/0067 dated December 28, 2006).

(7.2) NRI (Repartiable/Non- Repartiable) account (NSDL/PI/98/007 dated January 2, 1998):

(i) While opening an account for an NRI Client, the DP should obtain copy of the RBI approval letter, if any, for acquiring securities, alongwith the account opening form and other necessary documents.

(ii) The account should be opened in the name of the NRI in the DPM System under repatriable category when securities are held on repatriable basis and under non-repatriable category when securities are held on non-repatriatable basis.

(iii) DPs are advised to capture the following details in the DPM System against the RBI reference number and date :

(a) If the NRI has at any time purchased securities from the secondary market, i.e., under Portfolio Investment Scheme, then the RBI reference number and date mentioned in the RBI approval letter should be entered.

(b) If the NRI has never purchased securities from the secondary market, but the securities have been allotted in the primary market, i. e., under Direct Investment Scheme, then the DP should mention the following :

RBI Reference No. : "Under General Permission"

RBI Approval Date : Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

(c) If the NRI does not hold any securities, then the DP should mention the following:

RBI Reference No. : "No Holdings"

RBI Approval Date :   Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

(iv) While processing dematerialisation, receipt, delivery or pledge instructions from NRI Client, the DP must obtain a copy of the relevant RBI approval letter (e.g., RBI approval letter for sale in case of delivery instructions). The DP need not obtain copy of the RBI approval letter for every instruction, if the same approval applies to each such instruction.

(7.3) RBI Clarification with respect to NRI/FN :

(NSDL/PI/2000/1891 dated October 6, 2000)

RBI vide its letter dated July 18, 2000 to one of the DP of NSDL has issued the following clarifications with regard to permission to open Bank Account and Depository Account to sell shares acquired under ESOP by FN:

(a) RBI approval is not required for opening demat account.

(b) RBI has not put any condition that for opening of demat account, the non-resident shareholder must have a bank account. The demat account may be opened as per the norms of NSDL and the concerned bank.

(c) RBI has already granted General Permission for sale of shares on stock exchanges by non-residents and for sale of shares by negotiated deals, application in TS-1 form may be submitted to concerned Regional Office of RBI for obtaining permission.

(d) FN can sell the shares held under ESOP on stock exchange without RBI permission.

DPs are required to ensure that all transactions in the account are in compliance with FEMA regulations. Accordingly, DPs are advised to obtain from the NRI/FN, necessary documents evidensing general/specific approvals as may be required under FEMA regulations.

(8) Opening of account of an Illiterate person

(NSDL/PI/2002/0709 dated May 3, 2002)

NSDL has prescribed the procedure for affixing thumb impression (in Annexure J of Business Rules) while filling an account opening form by an illiterate person. In this context, DPs are advised to follow the below mentioned procedure:

(a)   Illiterate person(s), at the time of opening an account with a DP must affix the thumb impression (left hand thumb in case of a male and right hand thumb in case of a female) on the agreement as well as on the account opening form.

(b)   All accounts opened by illiterate person(s) (hereinafter referred as Clients) must be either introduced by an existing account holder or must be attested by applicant's bank.

(c)   The Client(s) must come in person to open the account and submit instruction forms and affix his/her thumb impression in the presence of the official of the DP. The DP should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the account opening form, DP-Client agreement and delivery instruction form to the Client(s). The official of the DP should then put his signature and remarks **"Details explained to the Client(s)",** on the account opening form, copy of the agreement and delivery instruction form.

(d)   In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form as mentioned in point (c) above, the thumb impression of the Client(s) on the instruction forms must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office and authorised to use the Seal of his office or a manager of the account holder's bank. The Client should also produce a medical certificate about his/her disability.

(e)   A remark should be put in the DPM System (under the authorised signatory details under "Signatories" screen) at the time of opening the account that the account holder is illiterate or disabled. Further, the instruction forms issued to such Client(s) should be pre-stamped as **"Thumb Impression"**.

(f)   At the time of opening of account, the aforesaid rules should be explained to the Client(s) in the presence of a witness, who will have to sign the agreement and the account opening form, as a witness.

DPs should note that the aforesaid guidelines are in addition to the existing guidelines with regard to opening of an account and executing instructions.

(9) Opening of an account of a Blind person (NSDL/POLICY/2007/0049 dated August 21, 2007)

(a)   Obtain POI, Proof of Address and the photograph of the blind person(s) (hereinafter referred as Client) as per the procedure laid down in point no. (I) (1) 1.3. Carry-out 'in-person' verification of the Client as per the procedure laid down in point no. (I) (1) 1.1. Obtain PAN card of the Client and follow the procedure laid down in point no. (I) (2) 2.1.

(b)   The DP should read out and explain to the Client, the contents of the account opening form and DP-Client agreement whenever so requested by the Clients. In case the Client is an illiterate, DP should follow the procedure laid down in point no. 8.

(c)   The DP should capture the Clients' signature(s) as given in the Account Opening Form in the DPM System. Further, a remark should be put in the DPM System (under the authorised signatory details in 'signatories' screen) that the Client is "Visually Challenged". Further, if the Client is illiterate, then DP should put in the remark as "Visually Challenged and Thumb Impression".

(d)   For issuance, re-issuance and processing of Delivery Instruction Slips (DIS) of such Clients, DPs are advised to follow the procedure laid down in NSDL Circular No. NSDL/PI/2004/1401 dated August 5, 2004. DPs would also be required to comply with NSDL Circular No. NSDL/POLICY/2007/0011 dated February 15, 2007 regarding SEBI circular on DIS. It is also added that the DIS issued to such Clients should be pre-stamped as "Visually Challenged" or "Visually Challenged and Thumb Impression" as the case may be. Further,

these Client(s) should visit the office of the DP to deliver the DIS, only if they are illiterate.

DPs are requested to note that the above mentioned procedures will be applicable for new accounts opened since August 21, 2007 (issuance of the revised circular) as well as for processing of DIS for the existing Clients.

(10) Procedure to be followed with respect to Nomination

(a) The Client(s) may make a nomination of his/their account in favour of any person by filing with the relevant DP the form laid out in Annexure JA of the Business Rules. In the case of joint accounts, all the account holders shall be required to affix their signatures to the said form. Such nomination shall be conclusive evidence of the Client(s) disposition in respect of all the securities in the account for which nomination has been made.

(b) The nomination can be made only by individuals holding beneficiary accounts on their own behalf singly or jointly. Non- individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power of attorney cannot nominate. If the account is held jointly, all joint holders will sign the nomination form.

(c) A minor cannot nominate. However, a minor can be a 'nominee'. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficiary owner.

(d) The Nominee shall not be a trust, society, body corporate, partnership firm, karta of HUF or a power of attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.

(e) Nomination in respect of the beneficiary account stands rescinded upon closure of the beneficiary account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.

(f) Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.

(g) The cancellation of nomination can be made by individuals only holding beneficiary accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non- individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power of attorney cannot cancel the nomination. If the beneficiary account is held jointly, all joint holders will sign the cancellation form.

(h) On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.

Further, DPs are also requested to refer rule 12.6.3 of Business Rules of NSDL with respect to details on nomination.

(11) Procedure for change in demographic details

11.1) Change of address (NSDL/PI/2004/1622 dated September 7, 2004):

(a) While processing requests for change of address received from Clients, DPs should obtain the following documents:

(i) a written application for change of address from the Client. (In case of joint holdings, all holders must sign the application);

(ii) POI [copy of any one of the documents mentioned in I (1) 1.3 (a) above of the Client (sole holder or either of the holders) visiting the office of the DP];

(iii) latest transaction statement of the account received from the DP. In case a Client (sole holder or either of the holders) personally visits the DP's office to submit an application (signed by all holders in case of joint holdings) for change of address alongwith necessary documents (POI / proof of address) mentioned in point no. (I) (1) 1.3, the DP need not obtain the transaction statement from such Client; (NSDL/POLICY/2007/0030 dated June 18, 2007).

(iv) Proof of new address (copy of any one of the documents mentioned in (I) (1) 1.3 (b) above) alongwith the original documents of the new address.

(b) The Client should personally visit the office of the DP where the Client maintains and operates his/her account and submit the application for change of address. However, in case the Client expresses inability to personally visit the office of the DP, the application for change of address alongwith other documents can be submitted through an authorised representative, whose identity the DP must verify.

(c) The Client or its authorised representative should sign the application once again in the presence of the officials of the DP.

(d) The DP should verify the signature of the Client on the application and the identity documents with the documents maintained with the DP. Further, the document pertaining to new address should be verified with the original. After due verification, an authorised official of the DP should put his/her signature on the application with remarks "verified with original" and thereafter record the change of address in the DPM System.

(e) However, in case DP could not verify the documents because the records of the documents submitted by the Client are kept at a different place, then the DP must verify the same within a period of seven working days and only then effect the change.

(f) After effecting the change of address in the DPM System, the DP should send a communication to the Client, confirming the change of address, to the old and the new addresses.

11.2) Change of Signature (NSDL/PI/2004/0045 dated January 7, 2004)

Procedure for effecting change of signature of Clients. DPs are advised as follows:

(i) The Client should make a request in writing specifying reasons for change in signature.

(ii) New signature should be duly attested by Client's banker.

(iii) Client should visit the DP's office personally and produce valid POI. (NSDL/POLICY/ 2007/0030 dated June 18, 2007)

(iv) In the presence of officials of DP, Client should affix his/her new signature.

(v) An authorised official of the DP shall, under his signature, verify the identity proof with the proof and photograph that were furnished at the time of opening of account and thereafter, if found satisfactory, make necessary changes in its records.

11.3) Change in status of Standing Instruction

If the Client requests for change in standing instruction, DP should carry out the changes in the DPM System based on proper authorisation received from the Client (signed by all the holders in case of joint holdings).

11.4) Change in bank details such as account type, account number, name, address and MICR

(i)   DP should obtain written request signed by the Client. DP should ensure that the request submitted by the Client is completely filled, including the bank account particulars of the Client and properly signed (signed by all the holders in case of joint holdings) (NSDL/PI/97/119 dated July 22, 1997).

(ii) Obtain a specimen copy of cheque and capture the changes in the DPM System.

(iii) Update the MICR code while updating the bank account details of the demat account holder(s) (NSDL/POLICY/2007/0023 dated April 24, 2007).

11.5) Addition / Deletion / Modification of Power of Attorney holder(s)

In case the demat account is operated by Power of Attorney and there is an addition / deletion / modification of power of attorney holder(s) of such an account, DPs should carry out the changes in the DPM System after obtaining written request which is duly signed by the Client (signed by all the holders in case of joint holdings) and new Power of Attorney in case of addition / modification, In case of deletion, DPs should ensure to dislodge the signature of the Power of Attorney holder(s) from the DPM System.

11.6) Make a nomination / Cancel the Nomination

In case the Clients requests to make a nomination / cancel the nomination in their demat accounts, DPs should carry out the changes in the DPM System after obtaining written request alongwith Annexure JA, which is duly signed by the Client (signed by all the holders in case of joint holdings).

After effecting the changes in the DPM System for the abovementioned demographic details (11.3 to 11.6), the DP should send a communication (letter / email / Client Master Report generated from the DPM system or its back office or any other mode which the DP may deem fit) to such Client informing about the changes effected in the account of the Client.

(II) Guidelines in respect of account opening in case of Body-Corporate (NSDL/PI/2002/1319 dated August 8, 2002)

1)   Procedure for opening account of a Body-Corporate

   1.1) DPs shall obtain the following documents at the time of account opening

      a) Memorandum & Articles of Association, board resolution for opening and operating demat account and the list of authorised signatories alongwith their specimen signatures and photographs, etc.

      b) Introduction by an existing account holder or by the applicant's bank.

      c) Proof of Address of the corporate evidenced by the document registered with Registrar of Companies (ROC) or an acknowledged copy of Income Tax Return or Bank Statement or Leave and License agreement/Agreement for sale or telephone bill (not more than two months old) or electricity bill (not more than two months old) in the name of body-corporate.

   1.2) An authorised official of the DP should verify the proof of address with the original documents and put his/her signature on them with remarks **"verified with original"** before proceeding to open the account.

   1.3) PAN, address and bank details of the body-corporates should be captured after due verification as mentioned in point no. (I) (2) 2.1, 2.2. 2.3 and (3) above.

(2) Additional requirement with respect to Foreign Corporate Bodies :

   (a) DPs are advised to obtain photocopies of Proof of Address in respect of foreign address

in case of FII, Foreign Corporate Bodies, Foreign Banks, Overseas Corporate Bodies etc. (referred as foreign entities) and verify the same with originals. In case these foreign entities also have an Indian address, DPs are advised to obtain the photocopies of Proof of Address of local address and verify the same with originals. Further, in case if these entities have submitted only Proof of Address as foreign address, in such a situation, DPs may capture the foreign address in both local and foreign address field given in the DPM System.

(b) If DPs find it infeasible to verify the original KYC documents (foreign address of these foreign entities) and PAN card, in such a situation it is clarified that :

(i) the KYC documents and PAN should be duly signed by the authorised signatories; and

(ii) attested by the Indian Embassy/Consulate General of the country where the registered office of the foreign entity is situated; and

(iii) the attestation is to the effect that it has been verified with the originals.

DPs should open the depository account or accept the PAN card only after it is satisfied with the authenticity of the documents (Proof of Address and PAN card).

(c) As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address of the FIIs/sub-accounts can be accepted as proof of address.

(d) U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of claim of such entities/agencies. After the DPs are satisfied that such entities are exempt from paying taxes/filing tax returns in India, DPs are advised to capture the description "EXEMPTCATG" under the PAN field and enable the PAN flag in DPM System.

(e) DPs need not enter into an DP-Client agreement provided :

(i) FIIs registered with SEBI and who have entered into an agreement with the DP either directly or through their power of attorney holders in accordance with the provisions of sub-regulation (1) of regulation 16 of the SEBI (Foreign Institutional Investors) Regulations, 1995; and

(ii) Such agreement gives the DP an authority to act on behalf of the FIIs for availing the services of the Depository; and

(iii) Such agreement has been filed with the SEBI;

(iv) International Multilateral Agency, who has entered into an agreement with the DP under regulation 17 of the SEBI (Custodians of Securities) Regulations 1996, and such agreement states that the Custodian will also act as a DP and all provision pertaining to DP shall be applicable; then such DP need not enter into an agreement as per Annexure B of the Bye Laws.

(f) DPs shall ensure that in case of foreign entities, all transactions in the account are in compliance with FEMA Regulations. Accordingly, DPs are advised to obtain from such foreign entities necessary documents evidencing general/specific approvals as may be required under FEMA Regulations.

(g) Obtain a declaration from the foreign entity that it has complied and will continue to comply with FEMA Regulations.

3) **Opening of an Escrow Account**

DPs should accept the following documents for opening of an escrow account:

a) KYC documents of Corporate and Escrow Agent.

b) Copy of escrow agreement duly signed by all the parties.

c) The account should be opened in the name as mentioned in the Scheme, which is approved by a competent authority and is in accordance with SEBI regulations. Further, the operation of such account should be governed by the terms and conditions of escrow agreement.

d) Copy of PAN card of both parties involved in such an arrangement. However, PAN details of the Corporate should be captured in the account after the same has been verified in accordance with point above (I) 2 (2.1).

e) The account should be used only for holding securities, which are required to be transferred under the specific scheme and in accordance with the SEBI regulations.

f) As the account is opened for specific purpose, the same shall be closed immediately after the shares held in the account are transferred to the respective demat accounts or are extinguished as required under the said scheme.

4) **Procedure for change in demographic details**

4.1) **Change of Address of body-corporate account:**

(a) A written application for change of address of the corporate entity, signed by all the authorised signatories should be submitted to the DP.

(b) Atleast one of the authorised signatories should visit the office of the DP in person to submit its application for change of address alongwith necessary documents and sign the application once again in the presence of the officials of the DP.

(c) DP should collect Proof of new address (copies of the aforementioned documents (II) (1) (1.1) alongwith the original document of new address, for verification by the DP.

(d) An authorised official of the DP shall verify the application and the abovementioned documents with the original and put his/her signature on the application with remarks **"verified with original"** and thereafter record the change of address in the DPM System.

(e) The DP should write a letter to the Client (Body-Corporate) at the old address as well as the new address to confirm the change of address.

4.2) **Change of authorised signatory**

In case of change in authorised signatory, the Client should provide a fresh board resolution mentioning authorised signatories who shall operate the depository account alongwith the specimen signature and photograph of the new authorised signatory. DPs need not obtain the details of the existing authorised signatories if they remain unchanged. Thereafter, DPs are advised to capture the signature of the new authorised signatories in the DPM System. DPs should ensure that the signatures of the outgoing authorised signatories should be dislodged from the DPM system.

4.3) **Change in status of Standing Instruction**

If the Client requests for change in standing instruction, DP should carry out the changes in the DPM System based on proper authorisation signed by the authorised signatories of such an account.

4.4) Change in bank details such as account type, account number, name, address and MICR:

    (i) DP should obtain written request signed by the authorised signatories. DP should ensure that the request submitted by the Client is completely filled, including the bank account particulars of the Body-Corporate and properly signed by authorised signatories (NSDL/PI/97/119 dated July 22, 1997).

    (ii) Obtain a specimen copy of cheque and capture the changes in the DPM System.

    (iii) Update the MICR code while updating the bank account details of the Client (NSDL/POLICY/2007/0023 dated April 24, 2007).

4.5) Addition / Deletion / Modification of Power of Attorney holder(s)

In case the demat account is operated by Power of Attorney and there is an addition / deletion / modification of Power of Attorney Holder(s) of such an account, DPs should carry out the changes in the DPM System after obtaining written request which is duly signed by the authorised signatories and new Power of Attorney in case of addition / modification. In case of deletion, DPs should ensure to dislodge the signature of the Power of Attorney holder(s) from the DPM System.

After effecting the changes in the DPM System for the abovementioned demographic details (point nos. 4.2 to 4.5), the DP should send a communication (letter / email / Client Master Report generated from the DPM System or its back office or any other mode which the DP may deem fit) to such Client informing about the changes effected in the account of the Client.

(III) Depository accounts opened in the capacity of Individual/Body Corporate as applicable

(1) Opening of promoter account (NSDL/POLICY/2007/0047 dated August 13, 2007)
New sub-types have been added to enable promoters to separately hold securities issued as "Promoter" of the company. While opening such accounts, DPs are advised to obtain an undertaking from the Client that said beneficiary account(s) are opened for the sole purpose of holding and transacting for the securities held as promoter and no other securities will be held/transacted in the said account.

(2) Opening of DR account (NSDL/PI/2002/0846 dated May 29, 2002 and NSDL/PI/2002/1336 dated August 9, 2002):

A sub-type "DR" is present for the Client types viz.; 'Non Resident Indian', 'Foreign Institutional Investor', 'Corporate Bodies', 'Foreign National' and 'Mutual Fund'. This sub-type is for the purpose of enabling investors to separately hold equity shares issued upon cancellation of Depository Receipts (GDR/ADR) held by them. Further, the existing account holders under Client type 'Foreign National' have been categorised under the sub-type "FN".

In this context, DPs are advised as follows:

    (a) In order to receive the securities issued upon cancellation of the Depository Receipts (DRs) held by the investors, they will have to open a separate account with sub-type "DR" under the relevant Client type/category and ensure that only such securities are credited in this account.

    (b) The standing instruction indicator in the DPM System **should not be enabled** for accounts with sub-type "DR". The Clients will have to give specific receipt instructions to the DPs for receiving securities issued upon cancellation of DRs.

    (c) In this regard, it is also clarified that since the Client has already been identified by the DP (the Client should be an existing account holder), a separate agreement may not be

required. However, DPs must ensure that the Client gives a letter mentioning its intention to open a separate account for holding DR-cancelled securities and that it will be bound by the agreement it had earlier signed with the DP. (NSDL/PI/2002/0899 dated June 7, 2002).

(3) Opening of a Commodity Account (NSDL/PI/2003/1882 dated November 27, 2003 and NSDL/ PI/2005/1441 dated August 9, 2005)

(i)   Account opening procedure will be similar to depository account. All precautions and procedures for account opening, change in address, etc. as applicable to securities account shall be followed. For the purpose, DP should be empanelled with NCDEX or MCX for providing depository services relating to warehouse receipts.

(ii) Accounts opened under this agreement shall hold only electronic warehouse receipts of NCDEX and MCX and cannot be mixed up with other securities Further, Clients would be required to sign a separate agreement with the DP for NCDEX and MCX and DPs would be required to open a separate account for NCDEX and MCX.

(iii) DPs may make their own business/contractual agreement with the NCDEX / MCX / warehouse owners, as they deem fit, including terms and conditions related to collection of rent, etc. If DPs are required to collect any charges/tax/rent on behalf of NCDEX / MCX / Warehouse, DPs may have to ensure that such function has adequate legal basis.

(iv) NSDL will issue circular relating to activation of Commodities Identifier [ICIN] (equivalent to ISIN) as and when such ICINs are activated in the system. The transaction statement will contain ICIN-wise balances. Commodity descriptor will contain unit of measurement, for e.g.:- "(ICIN No.) Castor Seed Grade A , Ahmedabad (in MTs)." MT = Metric Tonnes.

(v)   Initial credit of electronic warehouse receipts into demat account will be effected by way of corporate action.

(vi) Procedure for transfer, pledge and freeze will be the same as is applicable to securities.

(vii) DPs are advised to note that for making a request for delivery of commodities/metals represented by warehouse receipts "Physical Delivery Request Form" (PDRF) in the prescribed format should be filled-up by the Clients and after processing the requests such instructions should be executed in the DPM System by the DPs using 'Remat/ Repurchase Screen' under the type 'Remat'. The procedure for rematerialisation of warehouse receipts will be same as is applicable for securities. DP shall issue acknowledgment for receipt of the remat request by entering remat request (transaction) number on the acknowledgment portion and attest the signature of the Client on the copy of PDRF. Client will submit this acknowledgment and attested copy of PDRF to the warehouse at the time of taking delivery.

(4) Procedure regarding operation of account through Power of Attorney
(NSDL/PI/2000/982 dated June 23, 2000)

4.1   Sample Clause

A sample clause is given hereunder which if it forms a part of the Power of Attorney could suffice:

"To sell or otherwise deal with or dispose of and to purchase, subscribe or otherwise acquire in any manner from the market or under public or rights issues or otherwise and accept the transfers of any stocks, funds, shares, debentures, Government and other promissory notes, securities, bonds, debentures, annuities or other mercantile negotiable instruments which shall or may at any time belong to me or which hereafter be transferred to me, whether solely or jointly and whether in my own right or having any other interest of whatsoever nature and however arising and in any capacity whatsoever including those belonging to others with my name and for such purposes to

sign, execute or endorse all instruments of transfer and other documents for any purpose what so ever by the virtue of these present."

4.2   General points regarding Power of Attorney

(i)   A Power of Attorney executed prior to the promulgation of The Depositories Act is valid and enforceable.

(ii)   It is the responsibility of the DP to verify whether the Power of Attorney is adequate and sufficiently authorising the holder of the Power of Attorney i.e., the donee to operate the account of the beneficial owner.

(iii)   Power of Attorney should be notarized in case of photocopy.

(iv)   Depository accounts can be operated both by the account holder(s) as well as by the Power of Attorney holder i.e. donee. For this purpose, DPs should ensure that the signatures of the account holder(s) and the Power of Attorney holder are captured in the DPM System (NSDL/POLICY/2007/0054 dated September 22, 2007).

(v)   With respect to accounts that are operated through Power of Attorney, DP should ensure to enable the Power of Attorney flag of such accounts. (NSDL/PI/2005/1102 dated June 22, 2005)

4.3   DPs are advised to review the Power of Attorney document and if the Power of Attorney contains any clause similar to what has been stated below, the Power of Attorney should be modified suitably

(i)   Power of Attorney Holder i.e. Donee has the sole authority to operate the account and the account holder(s) is/are restrained from operating the account;

(ii)   DIS books are denied to the account holders who have executed a Power of Attorney;

(iii)   DPs are authorised to merge the securities kept under various accounts of the Clients; and

(iv)   DPs will have a lien on the securities of the Clients.

The above clauses are against the interests of investors and DPs are advised to desist from including such clauses in the Power of Attorney.

DPs are advised to provide DIS books to the Clients who have executed a Power of Attorney and allow the Clients to operate their accounts as well.

Further, DPs are advised to maintain separate accounts of the clients, in conformity with Regulation 42 of SEBI (Depositories and Participants) Regulations, 1996. Lien on the securities can be created only as per Regulation 58 of SEBI Regulations and as per the procedure laid down in the Bye Laws and Business Rules of NSDL. (NSDL/PI/2005/2329 dated November 25, 2005).

(IV) Procedure for opening and shifting of Clearing Member (CM) Account :

1)   Opening of CM Account

(a)   The CM should fill up the Account Opening Form as per the format given in Annexure K of the Business Rules of NSDL and submit the same to the DP alongwith the agreement (as per Annexure B in the Bye Laws) duly executed on a stamp paper of appropriate value. Further, the DP shall be responsible in deciding the value of the stamp paper. The schedule of fees to be charged by the DP to the CM should form a part of the Agreement.

(b) Following documents are required for opening a CM account:

  (i) A copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID to the CM.

  (ii) A copy of the latest SEBI registration certificate (not applicable for CMs of NCDEX and MCX).

  (iii) Board Resolution for authorised signatories.

  (iv) Memorandum of Association and the Articles of Association (in case of Corporates).

  (v) Specimen copy of the cheque for capturing the 9-digit MICR code.

(c) DP should verify the completeness of the account opening form and verify the copies submitted with the original documents.

(d) If the documents are in order, the DP should accept them and give an acknowledgement duly signed and stamped to the CM.

(e) The DP should forward the following documents to NSDL for allotment of CM BP ID

  (i) Copy of Account opening form,

  (ii) Copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID and copy of the latest SEBI registration certificate (not applicable for CMs of NCDEX and MCX). These documents should be verified with the original document and stamped "**Verified with Original"** alongwith the stamp of the DP, signature of Compliance Officer, name, and designation.

(f) NSDL will allot the CM-BP-ID and intimate to the DP electronically.

(g) The DP should capture the signature(s) of the authorised signatories as given in the Account Opening Form on the DPM System.

(h) The DP should enter the Client account number generated on the DPM System in the Account Opening Form.

(i) The DP should print the Client Master Report and give it to the Client alongwith a copy of the Agreement.

1.1) Closure and shifting of CM Account (NSDL/PI/005 dated February 5, 1997)

The CM may close an existing clearing account and open a new clearing account with another DP. The CM will have to submit an application for closure of account to its DPs and an application for opening a CM account along with other documents for shifting of the CM account as explained below to the new DP. The existing CM account will be closed by the old DP after balances are moved out by the CM. The CM will be assigned a new CM-BP-Id by NSDL and a new CM account will be opened by the new DP. Further, the CM may also submit the closure application upon closure of business/suspension, DPs may close the account.

The procedure for closure and shifting of CM account is as follows:

(a) The CM will submit the application for closing the clearing account to the DP (old) in duplicate.

(b) The DP (old) will verify that the application for closing the clearing account is duly filled and if in order issue an acknowledgement to the CM on the duplicate copy.

(c) If the application is not in order the DP will return the application to the CM for rectification.

(d) The CM will submit the following documents to the DP (new):

(i) Application for opening a CM account (as mentioned in point no. IV. 1)

(ii) Letter from Clearing Corporation/Stock Exchange regarding allotment of CM ID.

(iii) Application for shifting of clearing account. (as per the below given format)

(iv) Acknowledgement copy of the application for closure of the account from the previous DP.

(v) Copy of the latest SEBI registration certificate (not applicable for CMs of NCDEX and MCX).

DP should verify the completeness of the account opening form and verify the copies submitted with the original documents.

(a) If the application is not in order the DP will return the application to the CM for rectification.

(b) If the application is in order, the DP (new) will execute the agreement and give a copy of it to the CM.

(c) The DP (new) will forward the copy of the account opening form along with the above mentioned documents to NSDL. All the documents should be verified with the original document and a stamp "**Verified with Original**" should be put on the same alongwith the name, designation and signature of compliance officer. NSDL will allot the Clearing Member a new CM-BP Id.

(d) The DP (new) will open the clearing account after the new CM BP Id is downloaded to its DPM System and intimate NSDL about opening of the account and the date from which pay out is intended to be received in new CM account, however, not later than seven days from opening of Clearing member account by the DP (new).

(e) The new account will be marked to receive receipts-in due on pay-out after NSDL receives intimation from DP (new).

(f) NSDL will intimate the DP (old) to commence the procedure for closure of the account.

(g) On receipt of intimation from NSDL, the DP (old) will disable the standing instruction (if any). After the completion of one BOD/EOD cycle, the DP will verify the balances in the clearing account. If the balances happen to be zero and there are no outstanding instructions for the clearing account, the DP will change the status of the account to "To be closed" and intimate NSDL accordingly.

(h) On receipt of intimation from the DP (old), NSDL will revoke the old CM-BP Id of the CM.

(i) In case balances in its clearing account are not zero, the DP (old) will inform the CM to move its balances out of the CM Pool account in a reasonable time.

(j) The DP (old) will again verify the balances in the account. If the balances happen to be zero, the DP will follow the procedure mentioned in point no. (g) above.

(k) If the balance in the old clearing account has not been reduced to zero within one week of opening of the new account, the DP (old) shall inform NSDL forthwith that the balance has not been reduced to zero.

APPLICATION FOR SHIFTING OF CLEARING ACCOUNT
To be forwarded through **Depository Participant (new)**

Date:

National Securities Depository Limited
Trade World 4th Floor
Kamala Mills Compound
Senapati Bapat Marg Lower Parel
Mumbai - 400 013
Dear Sir,
Sub: Shifting of Clearing Member Account
This is to inform you that we wish to shift our Clearing Member Account as per the details mentioned below:

Name of Clearing Member (CM)	
Name of Clearing Corporation (CC)	
CC - CM -Id (Allotted by CC)	
CM- BP-Id (existing) (Allotted by NSDL)	
Name of Depository Participant (Old)	
Name of Depository Participant (New)	

We request you to please allot a new CM BP Id to facilitate shifting of the Clearing Member Account.

Yours faithfully,

(Clearing Member)

1.2) Procedure for Name change of CM account

The following documents should be forwarded to NSDL for effecting change of name in the CM account.

(a) Copy of the latest SEBI registration certificate in the new name (not applicable for CMs of NCDEX and MCX).

(b) Letter from the Clearing Corporation/Stock Exchange effecting the change of name in its system.

(c) Copy of document/ certificate received from ROC notifying the name change.

(d) Copy of High Court Order in case of name changes due to mergers/amalgamations

These documents should be verified with the original document and a stamp **"Verified with Original"** should be affixed on the documents alongwith name, designation and signature of Compliance Officer.

2) Opening of Margin Account (NSDL/POLICY/2007/0029 dated June 15, 2007)

A new sub-type viz. **"Margin Account"** has been added to the Client types viz.; 'Resident' and 'Body Corporate' under Client Maintenance Module in DPM System.

The new sub-type **"Margin Account"** is added to enable CMs to open beneficiary accounts to hold securities for Client margin purposes. While opening such accounts, DPs are advised to obtain an undertaking from the CM/Brokers that the said beneficiary account(s) are opened for the sole purpose of holding and transacting for Client margin purposes and no other securities will be held/transacted in the said account.

(V) FAQs related to Account opening

1) **What is the procedure for accepting telephone bills as Proof of address?**
   (NSDL/POLICY/2006/0026 dated July 17, 2006)

   Telephone bills in respect of landline telephones provided by any service provider can be accepted as proof of address. It is hereby clarified that telephone bills (not more than two months old) pertaining to only Landline telephones (other than Fixed Wireless Phone) irrespective of the service provider can be accepted by DPs as proof of address. DP may ascertain the fact that such telephone number exists in the name of the entity, by making a call or by any other means.

2) **In case of Corporate Client whether proof of address filed electronically can be accepted as proof of address?**

   As DPs are aware, as per the recent amendments in Income Tax Act, 1961 and Companies Act, 1956, Companies are required to file various documents, returns etc electronically. In this regard, it is hereby clarified that acknowledged copy of Income Tax Return, if filed electronically, will not be accepted as a valid proof of address in case of corporate clients. Further, in case of documents filed electronically with ROC, DPs can accept such documents as a valid proof of address provided they ensure the following:

   a.   obtains copies of challans of payments made to ROC.

   b.   verify the details viz. name of client, company identification number and address on the website of Ministry of Company Affairs viz. http://www.mca.gov.in and keep a copy of screen shot.

3) **What is procedure for opening a beneficiary account in the name of a proprietorship firm?**
   DPs are advised to note that a demat account cannot be opened in the name of the proprietorship firm. The account has to be opened in the name of the proprietor by obtaining the documents mentioned in point no. (I) (1) 1.3 above and capturing the PAN details of the proprietor.

4) **Can a commodity demat accounts be opened in the name of "Partnership firm" and "Proprietorship firm"?**
   Commodity demat accounts can be opened in the name of "Partnership firm" and "Proprietorship firm" under type/sub-type "Body Corporate/Others", as the structure and regulations governing transactions in commodities do not prohibit a partnership/proprietorship firm to hold commodities in the name of partnership/ proprietorship firm. For the purpose, DP should be empanelled with NCDEX or MCX for providing depository services relating to warehouse receipts.

5) **What is the procedure to be followed if there are more than three holders ?** (NSDL/PI/99/231 dated April 8, 1999)

   In the account opening module of the DPM system, there is a provision for only three joint names as presently, allotments in the primary market and purchases in the secondary market are permitted only with a maximum of three joint names. However, there are very old cases of shareholdings where the number of joint holders are four or even more. The issue of dematerialisation of such holdings was discussed in the SEBI meeting held on February 12, 1999 and it was decided that Depositories shall formulate a system to incorporate more than three joint names for client accounts and DPs shall be advised accordingly. It was also decided that no credits, other than on account of dematerialisation of securities would be allowed to such accounts. In view of this, DPs are advised to follow the procedure given below for the same :

   A separate account must be opened in the name of the joint holders with four or more names. The standing instructions to receive credits, receipt instructions, new issue applications and

any other instruction which has the effect of crediting this account should not be accepted. Appropriate annexure should be attached to the account opening form in order to include various details viz; name, address, signatures, etc. of more than three holders. An undertaking should be obtained from the client on the lines that "the client shall not use this account for the purpose of allotments in the primary market or purchases from the secondary market and hence no instructions other than for dematerialisation, bonus, rights & preferential offer will be given by the client to any person which has the effect of crediting this account"

While opening the account, the DP shall capture the names of the four or more joint holders by numbering them in the DPM and entering the first holder's name in the first holder's field and accommodating the rest of the names in the fields for second and the third holder, eg. : - In case of joint holdings in four joint names of Mr. A, Mr. B, Mr. C & Mr. D, the account can be opened in the DPM as follows; First Holder's Name : 1. Mr. A; Second Holder's Name 2. Mr B; Third Holder's Name 3. Mr. C 4. Mr. D.

The DP shall process the dematerialisation request as per the usual procedure while ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account. After the balances in such joint account become nil, the aforesaid joint account should be closed.

DPs are further advised that in case of holdings of a "Trust" held in the joint names of four or more trustees, the procedure given above for opening the account can be adopted without any restrictions on receiving credits into that account.

6) **Whether bank statement can be accepted as Proof of Address?** (NSDL/POLICY/2007/0074 dated December 01, 2007)

As all DPs are aware, Bank passbook is one of the Proof of Address being submitted by applicant(s) to the DP at the time of opening depository account. In this regard, DPs have been seeking clarification with respect to accepting bank statement as Proof of Address at the time of opening depository account as many banks have been issuing/sending bank statement to its Clients instead of bank passbook. Further, DPs have also represented regarding practical difficulties faced by Clients in obtaining attestation or additional charges being levied for attestation on the bank statement. In this regard, DPs are advised as follows:

(i) Computer generated original bank statement:

DPs may accept the computer generated original bank statement as Proof of Address if neither obtaining the copy of bank passbook nor attestation (stamp and signature) of the authorised official of the bank on the original bank statement is feasible. Provided such original bank statement is printed on the stationery of the bank, carries logo & name of the bank, displays the name, address and bank transactions/holdings of the Client for the latest quarter ending.

(ii) Computer generated bank statement on plain paper:

DPs may accept the computer generated bank statement which is printed on a plain paper as Proof of Address provided it clearly mentions the name, address and bank transactions/holdings of the Client for the latest quarter ending. Provided such a bank statement is duly attested (signed and stamped) by the authorised official of the bank mentioning the name and designation of such authorised official.

In both the aforesaid circumstances, DPs are advised as follows:

(a) Obtain a cancelled cheque in original and signature of the applicant(s) (all the holders in case of joint holdings) on the bank statement.

(b) The bank statement should be of the latest quarter ending eg. depository accounts opened in the month of April, May and June should be supported by the bank statement of the quarter ending March 31.

Disclaimer : While every care has been exercised by NSDL in compiling the master circular out of the various circulars/guidelines issued by NSDL from time to time. NSDL does not warrant completeness or accuracy of information and disclaims all liabilities, losses and damages arising out of the use of this information. For any specific/latest information, DPs are requested to refer to the relevant circular(s)issued by NSDL from time to time.

Annexure I

<u>Application for transfer of securities by a minor on attaining majority</u>

I _____ son/daughter/of _____ residing at _____ state as under:

1) That a beneficial owner (BO) account identified by Client Id _____ has been opened in my name by my Natural/Court-appointed Guardian Mr./Mrs._____ with Depository Participant(DP name) _____ (DP Id IN _____) on or about _____ day of _____ (month) _____ (year) at the time, when I was a minor.

2) That the said BO account was being operated by my said Natural/Court-appointed Guardian and transactions in respect of the securities received/transferred in the said BO account, were carried out for my benefit by my said Natural/Court-appointed Guardian.

3) That I was informed by my said Natural/Court-appointed Guardian that I was born on the _____ day of _____ (month) at _____ (place of Birth) in the year _____.

4) That I have attained majority on the _____ day of _____ (month) in the year _____ as per Section 3 of the Indian Majority Act, 1875.

5) That I now desire to open a new BO account in my name, transfer the securities which were held in the aforesaid old BO Account (Client ID _____, DP Id _____), close the aforesaid old BO account and to carry out transactions in securities by myself.

(Signature of the Natural/Court-appointed Guardian)

(Signature of the accountholder)

Place:

Date:

(To be provided on DP's letterhead)

Date: _____

To
The Vice President
Participant Interface Department
National Securities Depository Limited
Trade World, A-Wing, 4th floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel (W),
Mumbai - 400 013.

Dear Sir,

Sub: Request for waiver of settlement fees for the month of _____ , _____ (year) on account of minor attaining majority.

This is to certify that all requisite details/documents as required under the Bye Laws and Business Rules of NSDL have been obtained by _____ (DP name) for effecting transfer of securities in respect of client account(s) as per the details given below. We hereby declare that all the information provided herewith is true to the best of our knowledge and further confirm that _____ (DP name) will be fully responsible in case any claims made towards waiver of settlement fees are found to be invalid.

Sr. No.	Source Client Id	Name of the account holder*	DPM Instruction No.	Execution Date	Target Client Id	Reason, if source A/c is not closed	Amount for which waiver is sought (Rs.)

Name and Designation of Compliance Officer

Signature of Compliance Officer

DP Id

Seal of DP

(* Enclose copies of birth certificates.)

Annexure III

Undertaking from Partners (for holding securities that belong to the Partnership firm)

To,

_____

(Name of the DP)

_____

(Address of the Registered Office)

1. I / We, have submitted an application for opening a single / joint account for opening a Beneficial Owner [BO] account in the category "individual' for holding and carrying out transactions in respect of securities belonging to our firm, since as per the clarification issued by the Department of Company Affairs vide its Circular No. 5/75 (8/18/75-CL-V) dated March 31, 1975, Partnership Firm is not capable of being a member within the meaning of Section 41 of The Companies Act, 1956.

2. I / we represent the firm.

3. In consideration of you having agreed to accept the Permanent Account Number [PAN] issued by the Income Tax Department [ITD] to the firm along with our individual identity documents, I / We acknowledge and undertake as under :-

   a) The acceptance of the PAN number of our firm does not amount to you having taken notice of trust or recognise our firm.

   b) I / We shall continue to be responsible for complying with the relevant provisions of The Companies Act, 1956 and the Rules made thereunder and other applicable Laws failing which I / we shall be responsible for the consequences thereof.

Yours faithfully,

Signature :   Signature :   Signature :

Name of the Partner :   Name of the Partner: Name of the Partner :

ANNEXURE IV

DP - Client Agreement

(Person seeking to open a depository account with the depository participant for the purpose of holding and transacting in electronic warehouse receipts.)

AGREEMENT BETWEEN THE DEPOSITORY PARTICIPANT [entity registered as Depository Participant of National Securities Depository Limited ("NSDL") with Securities and Exchange Board of India (SEBI) under SEBI (Depositories & Participants) Regulation, 1996] **AND THE CLIENT** (person seeking to open a depository account with the depository participant) **FOR THE PURPOSE OF HOLDING AND TRANSACTING IN ELECTRONIC WAREHOUSE RECEIPTS.**

This agreement made and entered into this _____ day of _____ between _____ situated at _____ (hereinafter called the "Client")

and _____ situated at
_____ (hereinafter called the "Depository Participant" or "DP").

Witnesseth

WHEREAS the Depository Participant is registered as a participant in the National Securities Depository Ltd. ("NSDL"), a duly-registered depository under the Depositories Act, 1996.

WHEREAS the Client has furnished to the Depository Participant the duly filled in application form as prescribed by NSDL requesting therein the Depository Participant to open an account with the Depository Participant; and Depository Participant has represented to the client that it has set up a facility to extend depository services offered by NSDL to warehouse receipts.

NOW THEREFORE in consideration of the Depository Participant having agreed to open an account for the Client, both the parties to the agreement hereby covenant and agree as follows:

1) The Client shall pay such charges to the Depository Participant for the purpose of opening and maintaining his account, for carrying out the instructions of the Client and for rendering such other services as may be agreed to from time to time between the Depository Participant and the Client as set out in Schedule A. The Depository Participant shall reserve the right to revise the charges by giving not less than thirty days notice in writing to the Client. Depository Participant shall not levy account closure charges if client chooses to close the account.

2) The Depository Participant hereby undertakes that it shall maintain a separate account of its own warehouse receipts, if any, held in dematerialised form and shall not co-mingle the same with the warehouse receipts held in dematerialized form by the Client.

3) The Depository Participant undertakes that a transfer to and from the accounts of the Client shall be made only on the basis of a written order, instruction, direction or mandate duly authorised by the Client and that the Depository Participant shall maintain adequate audit trail of such authorization.

4) The Depository Participant agrees that the Client may give written standing instructions with regard to the debiting or crediting of electronic warehouse receipts in its account and the Depository Participant shall act according to such instructions.

5) The Depository Participant undertakes to provide a transaction statement to the Client atleast at monthly intervals unless the Depository Participant and the Client have agreed in writing for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Depository Participant shall provide such statement to the Client atleast once a quarter.

6) The Depository Participant undertakes to resolve all legitimate grievances of the Client against the Depository Participant within a period of thirty days.

7) The client agrees to operate this beneficial owner account for the sole purpose of holding and transacting in electronic warehouse receipts and shall be solely responsible for costs and consequences of receiving credit of any other securities into this account in the event of such credit being made owing to instructions issued by the client. The DP may levy special charges to transfer such securities out of this account, in addition to the charges listed in schedule 'A'.

However, if the client gets any erroneous credit of securities/WRs in this account, he will assist the DP in restoring the securities into the account from which the securities were received in the clients account at no cost to the client.

8) The client may seek delivery of the commodity represented by electronic warehouse receipt from the warehouse that has issued the electronic warehouse receipt. The client acknowledges that neither the Depository Participant nor NSDL shall be responsible for delivery of the commodities against the electronic warehouse receipts, whether on grounds of quantity, quality, timeliness of delivery or otherwise. The client hereby indemnifies and agrees to keep indemnified and hold the Depository Participant and NSDL harmless from and against any loss, claim, damage, injury or other cost and expense relating to delivery of the commodity underlying the warehouse receipt.

9) The charges related to the warehousing service shall be settled in accordance with the arrangement agreed to by the client, Depository Participant and warehouse without any recourse to NSDL.

10) On the failure of the Client to pay the charges for provision of services by the DP as laid out in clause (1) of this agreement within a period of fifteen days from the date of demand, Depository Participant may terminate this agreement and close the account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another Depository Participant or send a delivery advise to related warehouse.

11) The Client further agrees that in the event of the Client committing a default in the payment of any of the amounts due and owing to the DP in terms of this Agreement within a period of fifteen days from the date of demand, without prejudice to the right of the Depository Participant to close the account of the Client, the Depository Participant may charge interest at a rate not exceeding 15%. In case the Client has failed to make the payment of any such amount, the Depository Participant shall have the right to discontinue the Depository services till such time he makes the payment along with interest, if any, after giving two days notice to the Client. **If the client does not make the payment for more than two months, Depository participant may sell the commodities represented by the warehouse receipts to recover the amount due to it after giving 7 days notice to the client. The DP shall be deemed to have always had a first charge and lien over the warehouse receipts in the account of the Client towards recovery of amounts due under this Agreement.**

	12)	The Depository Participant shall have the right to terminate this agreement, for any reasons whatsoever, provided the Depository Participant has given a notice in writing of not less than thirty days to the Client. In such an event, the Client shall specify whether the balances in its account should be transferred to another account of the Client held with another Depository Participant or it will seek delivery of commodities against the electronic warehouse receipts held. Based on the instructions of the Client, the Depository Participant shall initiate the procedure for transferring such electronic warehouse receipts or send a delivery advice against electronic warehouse receipts within a period of three days. The Client shall have the right to terminate this agreement and close his account held with the Depository Participant, provided no charges are payable by him to the Depository Participant. Provided further, termination of this agreement shall not affect the rights, liabilities and obligations of either party accruing prior to termination and shall continue to bind the parties to their satisfactory completion.
	13)	In the event of Depository Participant being suspended or terminated by NSDL/SEBI in terms of Bye Laws/Business Rules of NSDL or SEBI [Depositories & Participants] Regulations, 1996, Depository Participant/ NSDL may give a notice of not less than 30 days of such suspension/ termination to the client. In such an event, the Client shall specify whether the balances in its account should be transferred to another account of the Client held with another Depository Participant or if it will seek delivery of commodities against the electronic warehouse receipts held. Based on the instructions of the Client, the Depository Participant shall initiate the procedure for transferring such electronic warehouse receipts or send a delivery advise against electronic warehouse receipts within a period of three days.
	14)	The Client shall have the right to create a pledge of the electronic warehouse receipts held in the dematerialisedform.
		The Client may exercise the right to freeze his account maintained with the Depository Participant so as to lock the electronic warehouse receipts held with the Depository Participant.
		The Client may exercise the right to un-freeze his account maintained with the Depository Participant. Such freezing and un-freezing of the account shall be in accordance with the procedure prescribed in this regard by NSDL.
	15)	The Client shall notify the Depository Participant within seven days, of any change in the details set out in the application form submitted to the Depository Participant at the time of opening the account or furnished to the Depository Participant from time to time.
	16)	The Depository Participant shall have a right to provide such information related to the Client's account as may be requested by the National Securities Depository Limited from time to time.

17) The Depository Participant shall not be liable to the Client in any manner towards losses, liabilities and expenses arising from the claims of third parties and from taxes and other governmental charges in respect of electronic warehouse receipts credited to Client's account.

18) Depository Participant shall discharge all its obligations to the client as provided in the SEBI [Depositories & Participants] Regulations, 1996 and Bye Laws of NSDL in force at the time of entering into this agreement and as may be amended as if such client were a beneficial owner of securities in terms of the aforesaid laws, and shall maintain the same standard of service provided such obligations are not in contravention of the terms and conditions of this agreement.

19) All claims, differences and disputes between Depository Participants and Clients arising out of or in relation to dealings on the NSDL Depository including any agreements, contracts and transactions made subject to this agreement 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 referred to arbitration in accordance to and subject to the provisions of the Arbitration and Conciliation Act, 1996. The arbitration mechanism prescribed under the NSDL Bye-Laws, Rules and Regulations for disputes between members and clients in securities transactions shall be applicable to disputes between the Client and DP in relation to disputes arising out of and in connection with this Agreement.

IN WITNESS WHEREOF the Client and the Depository Participant has caused these presents to be executed as of the day and year first above written.

Signed and delivered by

Witness

(for and on behalf of the Client)

Signed and delivered by

Witness

(for and on behalf of the Depository Participant)

Schedule A

Containing the charges.

Depository Participant's Name, Address & DP Id
(Pre-printed)

PHYSICAL DELIVERY REQUEST FORM
(For commodities/metals)

Request No. _____
(to be filled by DP)

Serial No. _____
(pre-printed)

Date : _____

I/We intend to receive physical delivery of the below mentioned commodities/metals and authorise that my/our account be debited by the quantity of commodities/metals mentioned below for this purpose. I/We declare that the below mentioned person (s) are the beneficial owners of the commodities/metals mentioned.

Account No.									
Account Holder Name									
Name of commodity/metal									
C-Id									
Unit of Measurement									
Quantity to be delivered (in figures)									
(in words)									
(Integer) (And decimal)									

Signature(s)	<u>Name</u>	<u>Signature</u>
First/Sole Holder		
Second Holder		
Third Holder		

Participant Authorisation

Received the above mentioned request for physical delivery of the commodities/metals from the account holder mentioned above.

The application form is verified with the details of the beneficial owner's account and certified that the application form is in order. The account has sufficient balances to accept the request for physical delivery. It is also certified that the beneficial owner(s) signature(s) is/are verified and found in order. The other details of the beneficial owners (Client Master Report), as extracted from the records, are enclosed.

Forwarded by :   Name of the executive

                                        Signature   (Seal)

Acknowledgment

Depository Participant's Name, Address & DP Id
(Pre-printed)

Serial No. _____
(pre-printed)

   We hereby acknowledge the receipt of request for physical delivery for _____

(quantity) _____ (unit of measurement) of _____ (commodity/

metal) from _____ (Name) having

Account No. _____ .

Participant's Signature   (Seal)

Date:

Account Opening - Bank Account details	
Circular No: NSDL/POLICY/ 2008/0070 Date: October 16, 2008	*Sub: Updation of Bank account number of Punjab National Bank from the present 16 digits to 15 digits and Updation of Bank name from UTI Bank Limited to Axis Bank Limited*
	All Participants are hereby informed that Punjab National Bank (PNB) has intimated to NSDL to modify / truncate the bank account number of PNB from the present 16 digits to 15 digits for demat accounts with bank details of PNB. In this regard, Participants are advised to note that NSDL would facilitate updation by truncating/deleting the fifth digit having '0' in 16 digit bank account number under the field name 'Bank A/c No.' with bank name

	'Punjab National Bank' / 'PNB' under the field name 'Bank name', captured in the DPM System under the head 'Financial Details' in the Client Maintenance Module. In addition, Bank Name also will be updated to 'Punjab National Bank'.
	Similarly, in light of change of name of UTI Bank Limited to Axis Bank Limited, NSDL would update bank name to "Axis Bank Limited" for those beneficiary accounts that carry bank name as "UTI Bank Limited" / "UTI Bank", in the field name 'Bank name', captured in the DPM system under the head 'Financial Details' in the Client Maintenance Module.
	After the updation has been carried out, Participants are advised to communicate to all such Clients about the changes carried-out in their bank details alongwith the transaction statement for the month of October 2008 or earlier, as the Participants may deem fit. Further, a batch utility would be provided to Participants to generate a report containing list of Client accounts where the updation could not be effected. Participants may take appropriate action based on this utility.
	For new demat accounts opened or change in bank details requested by Clients, Participants are advised to capture the correct 15 digit bank account numbers of PNB or bank name as 'Axis Bank Limited' as the case may be.
	For any information/clarifications, Participants are requested to contact NSDL officials on telephone numbers (022) 2499 4482 / 4488 / 4494 / 4214 / 4479 / 4363 / 4212 / 4348 (email : participant-interface@nsdl.co.in).
Circular No: NSDL/POLICY/ 2008/0041 Date: June 04, 2008	**Sub: Updation of HDFC Bank account numbers - Prefixing the existing 13 digit account numbers with '0' in beneficiary accounts under bank account number field.**
	As all Depository Participants (DPs) are aware, HDFC Bank Limited (HBL) has changed the length of the bank account numbers from 13 digits to 14 digits by prefixing the existing 13 digit account numbers with '0'. In this regard, DPs are advised to note that in respect of:
	1) Existing HBL account numbers captured in the DPM system :
	NSDL would facilitate updation of the bank account numbers by prefixing the existing 13 digit account numbers with '0' for those beneficiary accounts that carry 13 digit HBL account number with name 'HDFC Bank', captured in the DPM System under the field names 'Bank A/c No.' and 'Bank name' respectively under the head 'Financial Details' in Client Maintenance Module. After the updation has been carried out, DPs are advised to communicate to all such Clients about the changes carried-out in their bank details alongwith the transaction statement for the month / quarter ended June 2008 or earlier, as the DP may deem fit. Further, a batch utility would be provided to DPs to generate a report containing list of Client accounts where the updation could not be effected. DPs may take appropriate action based on this utility.
	2) New demat accounts opened / change in bank details after issuance of this circular:
	DPs would be required to capture the correct 14 digit bank account numbers of HBL for new demat accounts opened or change in bank details requested by Clients.
	For any information/clarifications, DPs are requested to contact NSDL officials

	on telephone numbers (022) 2499 4482 / 4488 / 4494 / 4214 / 4479 / 4363 / 4212 / 4348 (email : participant-interface@nsdl.co.in).
Circular No. NSDL/POLICY/ 2008/0022 Date : April 7, 2008	**Sub : RBI intimation - Updation of new bank account numbers** All Depository Participants (DPs) are hereby informed that Reserve Bank of India (RBI) vide its letter no. DPSS (CO) No. 1432 / 04.03.02/2007-08 dated March 12, 2008 has informed NSDL about allotment of new bank account numbers by banks who have implemented Core Banking Solution (CBS) and the need to update the same in demat accounts by DPs. The relevant extracts from the letter of RBI is reproduced for information and necessary action of the DPs. *"Retail electronic payment system such as Electronic Clearing Services (ECS) and National Electronic Funds Transfer (NEFT) are being used extensively for payments of IPO refunds by IPO managers, since these electronic payment products facilitate direct, speedy and secured credit of funds to the investors' accounts.* *However, of late, we have been receiving complaints from the managers to the issues that funds routed through the electronic modes are getting returned by the destination banks. We further observe that such returns are mostly due to providing **incorrect or old account numbers of the beneficiary customers**.* *As you may be aware, most of the banks have operationalised their Core Banking Solution (CBS) and new account numbers have been allotted to customers under CBS. Majority of banks are posting their inward electronic transactions in Straight Through Processing (STP) manner. Due to this seamless processing, truncated or old account numbers, if any, are being rejected by the system leading to manual intervention at bank's end. In order to avoid manual intervention, all customers are required to update their account numbers with their respective depositories."* In view of the aforesaid, all DPs are requested to advise their Clients to provide the new bank account details in case of change in the existing bank account details. As all DPs are aware, updation of correct bank particulars of the Clients would facilitate receipt of IPO refunds, dividend, redemption payments etc., into correct bank account of the Clients. At the time of updation of new bank account details in the DPM system, DPs are advised to ensure compliance with point no. (I) (2) (2.3) of NSDL Circular No. NSDL/PI/ 2007/0077 dated December 19, 2007.
Circular No: NSDL/PI/2002/0698 Date: April 30, 2002	All Participants are hereby informed that SEBI vide its Circular No. DCC/ FITTCIR-3/2001 dated October 15, 2001 has advised that companies should mandatorily use ECS facility for distribution of dividends and other cash benefits to the investors. However, where ECS facility is not available, companies may use warrants for distribution of dividends. Further, SEBI has informed vide its Circular no. D&CC/FITTC/CIR-04/2001 dated November 13, 2001 that it has received complaints about fraudulent encashment of instruments pertaining to distribution of dividends and other cash benefits. In order to avoid such situations, it has advised that companies should mandatorily print the bank account details furnished by the Depositories on the payment instruments. In view of the aforesaid, Participants are once again advised that they should capture the details or record changes in the bank details including MICR number in the DPM system as per the procedure communicated by NSDL in this regard vide its Circular NSDL/PI/2000/2295 dated December 20, 2000.

Account opening - Bank account details - MICR	
Circular No. NSDL/POLICY/ 2007/0023 Date : April 24, 2007	*Sub : SEBI Circular - Updation of bank accounts and corresponding change in MICR code by Depository Participants* Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ POLICY/2006/0006 dated February 23, 2006 wherein DPs were advised to update the MICR code in the DPM system if not updated in respect of Clients residing in 15 centers where clearing houses are managed by Reserve Bank of India (RBI). Securities and Exchange Board of India (SEBI) vide its letter no. MRD/DEP/ PP/91405/07 dated April 17, 2007 has again informed NSDL to instruct DPs to update MICR code while updating the bank account details of the demat account holders. Extract from the letter is reproduced for the information and necessary action of the DPs. **"Some of the Merchant Bankers & Registrars to Issue had brought to SEBI's notice that in some cases, when the investors change their bank accounts, the DPs do not update the corresponding change in MICR code while updating their bank account details. This results in the refund advice sent through Electronic Clearance System (ECS) being rejected or credit done to wrong bank account."** In view of the aforesaid, all DPs are hereby advised to : (i) Communicate to all Clients residing at 15 centers (for the list centers refer RBI website http://www.rbi.org.in under Electronic Clearing Service) to provide details of MICR code, if not already updated in the DPM system. (ii) Ensure that the details of MICR code are updated in the DPM system for all new accounts as well as changes in bank details of existing accounts with respect to Clients residing in 15 centres by following the procedure mentioned in Circular No. NSDL/PI/2000/2295 dated December 20, 2000.
Circular No. NSDL/POLICY/ 2006/0006 Date : February 23, 2006	*Sub : Updation of MICR code, pursuant to SEBI circular on Electronic Clearing System (ECS) for refund in public issues* All Participants are hereby informed that SEBI vide its circular no. SEBI/MRD/ DEP/Cir-3/06 dated February 21, 2006 (copy enclosed) has mentioned that applicants residing in 15 centers where clearing houses are managed by Reserve Bank of India (RBI) will get refunds through Electronic Clearing System only for public issues. In view of the above, Participants are advised as under : (i) Inform all the clients residing in 15 centers (For the list of centers refer RBI website http://www.rbi.org.in under Electronic Clearing Service) to provide the details of MICR code, if not already updated in the DPM system. (ii) For all new accounts that are opened or changes in bank details of existing accounts, who are residing in 15 centers, Participants should ensure that the details of MICR code are updated as per the procedure mentioned in circular no. NSDL/PI/2000/2295 dated December 20, 2000.

ANNEXURE

GENERAL MANAGER
Market Regulation Department

The Chairman & Managing Director
National Securities Depository Ltd.
Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

The Managing Director and CEO
Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 023.

Dear Sirs,

> **Sub. : *Use of Electronic Clearing System (ECS) for refund in public issues - Instructions for updation of MICR code for refunds through ECS***

1. SEBI vide circular No. SEBI/CFD/DIL/DIP/18/2006/1 dated January 20, 2006 has amended SEBI (DIP) Guidelines, 2000 providing for use of various modes for making refunds in public issues. A copy of the said circular is available on the SEBI website, namely, www.sebi.gov.in.

2. It was mentioned in the aforesaid circular that applicants in 15 centers where clearing houses are managed by Reserve Bank of India will get refunds through ECS only and the bank details of such applicants will be taken directly from the database of the depositories in respect of issues made completely in dematerialised form. It is, therefore, necessary that the MICR code maintained at the database of the depositories is updated on a real time basis as and when changes take place to ensure credit of refunds to the bank accounts of the applicants. For this purpose, DPs have to update the MICR Code and other bank details of the applicants in the database of the depositories. This is to ensure that the refunds through ECS are made in a smooth manner and that there are no failed/wrong credits.

3. In view of the above, you are advised to issue suitable instructions immediately to your Depository Participants to comply with the aforesaid requirement.

4. The Depositories are advised to:-

    a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/ necessary;

    b) communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report.

5. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

V S SUNDARESAN

Account opening Forms and New Features

Circular No. NSDL/POLICY/ 2008/0019 Date: March 26, 2008	**Sub: Extension of deadline for usage of existing Account Opening Form (AOF) & Delivery Instruction Slip (DIS)** Attention of Depository Participants (DPs) is invited to NSDL Circular Nos. NSDL/POLICY/2007/0069 / 0070 and 0071 dated November 12, 2007 regarding Modification of AOF & DIS under the advise of Financial Intelligence Unit-India (FIU-IND). As all DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 had informed the DPs to use the existing AOF and DIS till March 31, 2008 or till such time the existing AOFs and DIS are exhausted, whichever is earlier. As an interim measure, DPs were advised to accept the existing AOF and DIS for opening new accounts and executing transactions respectively, alongwith the 'Additional Details', in a prescribed format, on a plain paper, duly signed by the applicant(s)/Clients. In this regard, DPs have represented to NSDL with a request to extend the aforesaid deadline of March 31, 2008, citing a few practical difficulties as mentioned below: 1) Existing stock of AOF / DIS are yet to be exhausted and hence printing of revised AOF / DIS will be a financial burden on the DPs. 2) The process of dispatching of the revised DIS in lieu of the existing DIS (which are lying with the Clients) would put the DPs and the Clients into hardship. The process would also increase the overheads (cost, man hours etc) of the DPs. In light of the above representations, all DPs are hereby informed that the deadline for usage of the existing AOFs / DIS is extended till September 30, 2008 or till such time the existing AOF / DIS are exhausted, whichever is earlier. During this interim period, DPs are advised to follow the procedure mentioned in the aforesaid Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 regarding obtaining of 'Additional Details' alongwith the AOF / DIS. In case the stock of the existing AOF / DIS are exhausted before, September 30, 2008, DPs would be required to print and distribute the revised AOF and DIS in the format mentioned in NSDL Circular No. NSDL/POLICY/2007/0069 dated November 12, 2007. For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email: shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email: vinithn@nsdl.co.in).

Circular No. NSDL/POLICY/ 2007/0071 Date: November 12, 2007	*Sub: Modification of Account Opening Form & Delivery Instruction Slip) - Incorporation as per Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA) guidelines.*

Attention of Depository Participants (DPs) is invited to Circular no. NSDL/ POLICY/2007/0070 dated November 12 2007 regarding *Submission of information to Financial Intelligence Unit-India under Prevention of Money Laundering Act, 2002*.

As mentioned in our aforesaid Circular dated November 12, 2007, FIU-IND has advised both the depositories:

1.   To incorporate the 'Financial status' and 'Nature of Business' of Client in the Account Opening Form (AOF).

2.   To incorporate 'Consideration' and 'Reasons/Purpose' in Delivery Instruction Slip (DIS) used for Off-market transactions.

Accordingly, NSDL has incorporated the aforesaid details in the AOFs **(i.e. Annexure 'J' & Annexure 'K')** for individuals as well as for corporates & DIS **(i.e. Annexure 'L', Annexure 'N' & Annexure 'NA')** in the Business Rules of NSDL, which was intimated vide our Circular No.NSDL/POLICY/2007/0069 dated November 12, 2007.

The DPs will be allowed to use old AOFs & DIS till **March 31, 2008** or till such time the old AOFs & DIS are exhausted, whichever is earlier. In the interim, DPs should ensure that at the time of accepting existing AOF & DIS, for new account opening or for executing the transactions respectively, obtain the additional details as prescribed in the new / revised AOF & DIS on a plain paper duly signed by the applicant(s) **(format enclosed).**

Further, DPs should obtain the additional details as prescribed in the revised AOF for existing accounts whenever any existing account is identified in the alerts generated by NSDL or by DPs under the PMLA as specified by FIU-IND.

For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email : shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email : vinithn@nsdl.co.in).

For Individuals Only (ANNEXURE J)

Type of Account

☐   Ordinary Resident   ☐   NRI-Repatriable   ☐   Margin   ☐   Promoter
☐   HUF   ☐   NRI-Non-Repatriable   ☐   Others (please specify)

Additional Financial Details

Financial Status (Annual Income)	☐ < Rs.5 Lakh ☐ Rs.5 - 10 Lakh ☐ Rs.10 - 15 Lakh ☐ > Rs.15 Lakh
Nature of Business	

For Corporates /Clearing Members only (ANNEXURE K)

Additional Financial Details

Financial Status	
Nature of Business	

For Delivery Instructions by Clients (ANNEXURE L)

For Off-Market Trades (Receiver Details)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*)	Consideration, if any

(*) - Like Gift, Donation, etc.

For Inter-Depository Delivery Instructions (ANNEXURE N)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*) (#)	Consideration (*)

1. (*) - This Information is required only if Source Client Id is a Beneficiary Owner.
2. (#) - Like Gift, Donation, etc.

For Inter-Depository Receipt Instructions (ANNEXURE NA)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*) (#)	Consideration (*)

1. (*) - This Information is required only if Source Client Id is a Beneficiary Owner.
2. (#) - Like Gift, Donation, etc.

Circular No. NSDL/PI/2005/2328 Date : November 25, 2005	**Sub : Updation of email id and mobile no. in the DPM system.** As all Participants are aware, DPM version 3.9 enabled the Participants to capture certain additional information of account holders viz., mobile numbers, e-mail addresses etc. Participants have been seeking clarification from NSDL whether the mobile numbers and e-mail addresses collected / received from the account holders prior to the release of DPM version 3.9 can be captured. It is hereby clarified that Participants can capture the aforesaid details provided Participants have verified the same.
Circular No. NSDL/PI/2005/1726 Date: September 15, 2005	Attention of Participants is invited to point no. (E) (c) of Circular no. NSDL/PI/2005/1102 dated June 22, 2005, which enabled Participants to key-in from front end application or upload from back office interface, a few special characters. In this regard, all Participants are advised not to use (key-in or upload) the special character **Colon (":")** in any of the module of the DPM system.

Account opening - HUF accounts with joint holdings

Circular No: NSDL/PI/2002/1346 Date : August 12, 2002	As per Business Rules of NSDL, penalty points are imposed on Participants if HUF accounts are opened with joint holdings. In this regard, while some Participants have taken steps to rectify such accounts, it is observed that many HUF accounts with joint holding are still in 'Active' status. In this context, Participants are advised to inform all such Clients to open new accounts in the name of Karta of the HUF, transfer the securities to such new accounts and close the old accounts on or before October 31, 2002. Participants are also advised to note that if such accounts are not closed by October 31, 2002, then the standing instructions to receive credits should be removed. Further, Participants should not accept any fresh dematerialisation requests, receipt instructions, new issue applications and any other instruction which may result in credit to such accounts and inform all such Clients suitably. Further, if transfers are effected on or before October 31, 2002 and waiver request alongwith necessary supporting documents are submitted to NSDL within one month from the date of the bill, the same may be considered for exemption from settlement fee.

Clarification regarding capturing address in the client master - IPO financing

Circular No: NSDL/PI/2004/1794 Date : October 1, 2004	Participants have represented to NSDL whether they can capture in the DPM, address details of a person different from that of the accountholder. This request was received mainly in respect of accounts opened for the purpose of IPO financing where the accounts are opened with financier's address instead of the first holder's. The matter was referred to SEBI and SEBI has expressed its inability to accede to the request. In view of the aforesaid, all Participants are advised to strictly comply with the guidelines prescribed by SEBI and communicated by NSDL vide Circular No. NSDL/PI/2004/1622 dated September 7, 2004 by capturing the address details and other particulars of the account holder.

Exemption from obtaining latest transaction statement

Circular No. NSDL/POLICY/2007/0030 Date: June 18, 2007	**Sub : Requirement of submission of Transaction Statement for various depository related activities** As all Depository Participants (DPs) are aware, DPs are required to obtain latest transaction statement from the Client at the time of:

(a) Change of address in the depository account of the Client (non-body corporates) (refer Circular No. NSDL/PI/2004/1622 dated September 7, 2004),

(b) Change of address in the depository account of the Corporate (refer Circular No. NSDL/PI/2002/1319 dated August 8, 2002),

(c) Change of signature (refer Circular No. NSDL/PI/2004/0045 dated January 7, 2004),

(d) Registration, reset of password etc. in case of *SPEED-e* and *IDeAS*,

(e) Requisition for loose-leaf delivery instruction slip (DIS) (refer Circular No. NSDL/PI/2004/1401, dated August 5, 2004).

In this regard, DPs have requested for exemption from the requirement of obtaining the latest transaction statement from the Client, in case the Client personally visits the DP's office.

1) Revised guidelines - exemption from obtaining the latest transaction statement

(a) Change of address in case of non-body corporate accounts:

In case a Client (sole holder or either of the holders) personally visits the DP's office to submit an application (signed by all holders in case of joint holdings) for change of address alongwith necessary documents (proof of identity / proof of address) mentioned in Circular No. NSDL/PI/2004/1622 dated September 7, 2004, the DP need not obtain the transaction statement from that Client.

(b) Change of address with respect to Corporate Accounts:

As one of the authorised signatories is required to personally visit DP's office as stated in Circular No. NSDL/PI/2002/1319 dated August 8, 2002, the DP need not obtain transaction statement from the authorised signator(ies).

(c) Change of signature :

Since the Client in case of change in his/her signature is required to personally visit the DP's office, as stated in Circular No.NSDL/ PI/2004/0045 dated January 7, 2004, the DP need not obtain the transaction statement from that Client.

(d) *SPEED-e* and *IDeAS* :

In case of *SPEED-e* and *IDeAS*, if a Client [sole holder or either of the holders who is authorised on behalf of the other holder(s) to operate *SPEED-e* or *IDeAS*] personally visits the DP's office to submit an application (signed by all holders in case of joint holdings) for the following cases, the DP need not obtain the transaction statement from the Client.

SPEED-e : (i) Registration of password based User (ii) Addition to pre-notified accounts and (iii) Resetting of password.

IDeAS : (i) Registration of password based User and (ii) Resetting of password.

(e) Requisition for Loose leaf DIS :

In case of requisition for loose leaf DIS, if the Client personally visits DP's office and signs (all the holders in case of joint holdings)

	the DIS in the presence of the authorised official of DP, the DP need not obtain transaction statement from such Client(s). In this regard, DPs will also have to ensure compliance with Circular No. NSDL/POLICY/2007/0011 dated February 15, 2007 regarding SEBI guidelines regarding safeguards to be followed to address the concerns of the investors in case of transfer of securities in dematerialized mode. The procedure for processing and recording the details of the Client(s) as mentioned in the Circular No. NSDL/ PI/2004/1401 dated August 5, 2004 will remain unchanged.
	2) Procedure for processing above mentioned requests from the Client(s):
	The authorised official (including the staff of the approved franchisee) of the DP will verify the identity of the Client(s) to its satisfaction and note the following details on the documents/ back of the DIS:
	(i) Details of the Authorised official (name, designation, employee code if any and signature) who verified the documents,
	(ii) Name of the DP and DP Id,
	(iii) Date and place;
	(iv) Remark to the effect that the Client had personally visited the DP's office.
	In case the authorised representative of the Client visits DPs office to submit the application, the requirement of obtaining transaction statement from the Client will have to be followed as per the procedures laid down in the aforesaid circulars.
	DPs are advised to note that other processes mentioned in the aforesaid circulars remain unchanged and DPs will have to ensure compliance with the same.

SEBI Order - Three persons debarred from opening demat accounts	
Circular No. NSDL/POLICY/ 2007/0015 Date: March 13, 2007	**CONFIDENTIAL** *Sub : Confidential-SEBI Order-Three persons debarred from opening demat accounts upto January 30, 2012* **This circular is sent to the Compliance Officer in hard copy form.**

b. PAN

Circular No. NSDL/POLICY/ 2008/0082 Date: November 18, 2008	*Sub: Revised deadline for closure of PAN non-compliant beneficiary accounts with no security balances.* Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2008/ 0066 dated September 29, 2008 regarding closure of beneficiary accounts that are frozen due to non compliance with PAN requirements and having no security balances by November 15, 2008. In light of the representation received from Participants, the deadline for closure of such aforesaid accounts has been extended till **November 29, 2008.** Participants are strictly advised to commence the closure of such accounts immediately and ensure to complete the activity by November 29, 2008.

	For further information, Participants are requested to contact Mr.Rahul Gupta [Tel No. (022) 24994372 / email: rahulg@nsdl.co.in] / Mr. Sandip Patel [Tel No. (022) 24994413 / email: sandipp@nsdl.co.in] / Mr. Vinith Nair [Tel. No. (022) 24994414 (email: vinithn@nsdl.co.in).
Circular No. NSDL/POLICY/ 2008/0066 Date: September 29, 2008	**Sub: Deadline for closure of PAN non-compliant BO accounts with no security balances.** Attention of Participants is invited to our Circular No. NSDL/POLICY/2006/ 0007 dated March 3, 2006 regarding SEBI directive on PAN as a mandatory requirement for demat account opening. Further, Participants were advised vide our Circular No. NSDL/POLICY/2006/0043 dated September 27, 2006 to 'Suspend for Debit' all such accounts where the PAN requirement is not completed by December 31, 2006. In this context, Participants are hereby advised to give 30 days notice for compliance of the PAN requirement to the clients whose accounts are frozen due to PAN non-compliance and having no security balances stating that in case of non-compliance of the same at the end of the notice period, these accounts will be closed. Participants may communicate this to the clients alongwith the Transaction Statements for the quarter ending on September 30, 2008. **All such PAN non-compliant accounts which do not have any security balances (except accounts with pending demat requests or frozen due to court / enforcement / regulatory authority orders) should be closed latest by November 15, 2008.** For further information, Participants are requested to contact Mr.Rahul Gupta on Tel No. (022) 24994372 (email: Rahulg@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 24994414 (email: vinithn@nsdl.co.in).
Circular No. NSDL/POLICY/ 2008/0049 Date: July 8, 2008	**Sub: SEBI clarification on PAN as a mandatory requirement for demat account opening** Further to NSDL Circular no. NSDL/POLICY/2008/0048 dated June 30, 2008 regarding SEBI clarification on PAN, SEBI has now vide its Press Release PR No. 131/2008 dated July 4, 2008 issued a clarification which is enclosed for information and necessary action.

Annexure

PRESS RELEASE

PR No.131/2008

Mandatory requirement of Permanent Account Number (PAN)

SEBI vide circular dated June 30, 2008 has clarified that Permanent Account Number (PAN) may not be insisted in the case of Central Government, State Government, and the officials appointed by the Courts e.g. Official Liquidator, Court Receiver etc. (under the category of Government) for transacting in the securities market.

It is observed that certain media reports have wrongly reported the aforesaid provision of the said SEBI circular. It is hereby clarified that the exemption from mandatory PAN requirement applies to transactions undertaken on behalf of the Central and State Government, but not to the transactions of the employees of Central and State Government in their personal capacity.

Mumbai

July 04, 2008

Circular No. NSDL/POLICY/ 2008/0048 Date: June 30, 2008	**Sub: SEBI clarification on PAN as a mandatory requirement for demat account opening** Attention of Participants is invited to Circular no. NSDL/POLICY/2006/0007 dated March 3, 2006, and SEBI Circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007 regarding SEBI directive on PAN. In this regard, SEBI has vide its Circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued certain clarifications on PAN which are enclosed for information and necessary action.

Annexure

Chief General Manager
Market Regulation Department-Division of Policy
E-mail: mdrao@sebi.gov.in

MRD/DoP/Cir-20/2008
June 30, 2008

1. The Executive Directors/Managing Directors of All Stock Exchanges
2. MD & CEO, NSDL
3. MD & CEO, CDSL
4. All SEBI Registered Intermediaries

Dear Sirs,

Sub: Mandatory requirement of Permanent Account Number (PAN)

1. Please refer to SEBI circular No.MRD/DoP/Cir-05/2007 dated April 27, 2007 making PAN mandatory for all transactions in the securities market.

2. Subsequent to the issuance of the aforesaid circular, SEBI has received representations from certain categories of investors requesting for exemption from mandatory requirement of PAN for transacting in the securities market.

3. Upon consideration of the said representations, and in view of Rule 114 C (1) (c) of Income Tax Rules, it is clarified that PAN may not be insisted in the case of Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.

4. However, the aforementioned clarification would be subject to the intermediaries verifying the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an exemption.

5. The Stock Exchanges and the Depositories are advised to :

   5.1. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.

   5.2. bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and depository participants of the Depositories and also to disseminate the same on the website.

   5.3. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

6. SEBI Circular No.MRD/DoP/Cir-05/2007 dated April 27, 2007 stands amended to the extent as clarified under Para 3 of this Circular.

7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

S V MURALI DHAR RAO

Circular No. NSDL/POLICY/ 2007/0052 Date: September 13, 2007	In continuation to NSDL circular NSDL/POLICY/2007/0045 dated August 2, 2007 wherein Depository Participants' (DPs) were informed that DPs will be restricted from modifying the PAN of a holder in a client account in DPMAS once the PAN flag has been enabled. Further, it was informed that a DP may approach NSDL for modifying the incorrect PAN captured in the DPMAS where PAN flag has been enabled.
	DPs are hereby informed that from September 15 2007, DPs will be restricted from modifying the PAN of a holder in a client account in DPMAS once the PAN flag has been enabled. If a modification request is sent for such account holders with modification in PAN or PAN flag (i.e. "Y" to "N"), the modification request would be rejected by NSDL with rejection reason as "PAN Modification Not Allowed" and "PAN Flag Modification Not Allowed" respectively. However, NSDL would provide a facility for DPs to register a request for modification of PAN for such holders in client account.
	In this regard, DP would be required to send a request containing the list of account holders to NSDL for enabling PAN modification for such holders in client account. (It may be noted that PAN flag once enabled would not be allowed for disabling after September 15, 2007). NSDL would flag the account holders for such client accounts in Depository Module (DM) such that the PAN modification request sent by DP for these account holders would be accepted by NSDL. Once the PAN modification request is accepted by NSDL, any further modification of PAN of the holder for the account would be disabled in DPMAS. A new request will have to be initiated by DP for any subsequent PAN

modifications in this client account.

DPs will be enabled to carry out PAN modification for such request using DPMAS for seven calendar days from the day PAN modification request is registered with NSDL. DP may note that this request would be marked as "expired" if the actual PAN modification request is not received within seven calendar days and a new request needs to be initiated.

DP can register this PAN modification request to NSDL through SQLASSIST Intranet site (https:\\sqlassist), set up for accessing DP billing information. DP will be provided with an online screen as well as batch upload facility to register request for PAN modification for client account having PAN Flag set to 'Y'. The file format for the batch file along with the sample file is available on SQLASSIST Intranet site.

Further, DP would be required to follow maker-checker concept for setting up this PAN modification request on SQLASSIST Intranet site. The existing log-in id created for accessing billing information i.e., DPID will be used for maker user. In addition to this, new user id i.e. DPID_C will be created for a checker user (with DP id as default password) to set up this request. Checker users will be forced to change the password on first login.

The procedure to be followed by the DP, for modifying the incorrect PAN of a holder in a client account captured in the DPMAS where PAN flag has been enabled is as follows:

1. SQLASSIST site will now feature SSL Certificate. In this connection DPs will be initially required to import the root certificate in the browser as attached with the circular.

2. DP will log on to SQLASSIST Intranet site (https:\\sqlassist) that is currently used to access billing information. After login three options will be displayed,

    a) 'DP BILLING' for downloading billing information.

    b) 'PAN UPDATE' for uploading/registering PAN modification request.

    c) 'PAN REPORT' to verify the status of the uploaded/registered PAN modification request.

3. DP can register request for PAN modification using online screen for 5 client ids or alternatively can upload a batch of client ids.

4. DP would be required to follow maker-checker concept for both online and batch upload, whereby DP's maker user with user id (DPId) would register the request and the checker user, using another user id ((DPId_C), would authorize the same.

5. The request would be marked as "Captured" after maker user registers the request. Checker user would be provided a view for all the pending authorization requests. The Checker user would be provided two options viz., to either authorize or reject the request registered by maker user.

The status of request would be marked as "Uploaded to NSDL" after it is authorized by checker user and "Rejected by Checker" if user rejects it.

6. File upload option would be available to maker user only. Checker user has to individually authorize these requests uploaded through batch file.

7. A separate view, viz., "PAN Report", is provided to both maker and checker users for checking the status of request registered/ uploaded on SQLASSIST Intranet site.

8. NSDL would process all the requests received at the end of every business day (EOD) to enable DP for PAN modification in such client accounts through DPMAS on the next business day.

9. SQLASSIST system will not offer any Client-id validations. NSDL would update the response of the request as "Accepted" / "Rejected by NSDL" on SQLASSIST Intranet site on the next business day.

10. DP can check this response through "PAN Report" screen provided on SQLASSIST Intranet site.

11. DP can submit the PAN modification request through DPM system for the requests, which are in "Accepted by NSDL" on SQLASSIST Intranet site. Such request must be made within seven days of setting up the request.

12. The successful acceptance of the request executed on the DM would be then uploaded on SQLASSIST Intranet site at the end of the day where the status of the corresponding account holder for a client account would be marked as "Closed/Settled".

13. In case a request is in status "Rejected by NSDL", rejection reasons would be provided for corresponding requests on SQLASSIST Intranet site. DP can check the reason for the same in "PAN Report" view screen and submit the correct requests again.

Important Points to note:

1. PAN flag cannot be disabled once it is enabled in DPMAS. The aforesaid provision would be given to modify PAN only. PAN modification request sent with PAN flag disabled would be rejected by NSDL.

2. In case PAN or PAN flag modification request is rejected by NSDL, then associated modification request in other client details (if any), would also stand rejected by NSDL. In such case DP would be required to setup a new modification request for modifying other client details separately.

3. DP can not submit PAN modification requests for same Client Id and holder indicator if a request for same client id and holder indicator is already pending in "Accepted" status on SQLASSIST Intranet site.

	4. DP checker user will be enabled for authorization of PAN modification request for 30 days from the day PAN modification request set up by maker user (i.e. Request is in "Captured" status). DP may note that this request would be marked as "expired" if the PAN modification request is not authorized by checker user within 30 days and a new request needs to be initiated.

Further, as informed in NSDL circular NSDL/POLICY/2007/0045 dated August 2, 2007, a penalty of Rs. 500 will be levied on DPs for modification of PAN for each holder unless the reasons for modification are beyond the control of the DP. In this regard, DPs are advised to communicate to NSDL the reasons for modification, if any, for a particular month, before 10th of the next month. |
| Circular No. NSDL/POLICY/ 2007/0048 Date : August 14, 2007 | *Sub : Facility for verifying PAN details of demat account holder(s)*

Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006 wherein DPs were advised to obtain PAN card of the demat account holder(s) and compare the name appearing on the PAN card with the name appearing on the website of the Income Tax Department (ITD) i.e. http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp

All DPs are hereby informed that ITD has now authorized NSDL to provide an internet based service to the eligible entities (which include DPs) for verification of PAN details. The PAN details made available through this facility are as per the ITD database.

In view of this, in addition to the abovementioned ITD website, DPs can also verify the PAN details of the demat account holder(s) by subscribing to the internet based service of NSDL. The internet based service of NSDL for verifying PAN details offers three modes of verification:

(1)   Screen based verification

(2)   File based verification

(3)   Software (API) based Verification

(1)   Screen based Verification:

The Users, after login to the Tax Information Network (TIN) website (http://www.tin-nsdl.com / login / Pan Verification) of NSDL, can key-in upto a maximum of five PANs in the screen. The PANs may be entered in the boxes provided in the screen and then submitted. The response giving details of PAN will be displayed in the response screen.

(2)   File based Verification:

The Users, after login to TIN website (http://www.tin-nsdl.com / login / Pan Verification) of NSDL, can upload a file containing maximum of 200 PANs (file structure as specified by NSDL). Within 24 hours, a response file containing details of the PANs will be made available to the User. In case, file format is incorrect, the rejection will be made available within 24 hours. The Users can download the response at anytime as per their convenience upto 15 days, by login at the given website link. |

	(3) *Software [Application Programming Interface (API)] based PAN verification:*
	The facility is an interface that allows the User to make an online verification of PAN by accessing the verification-site through a software application. User would be provided with the URL for this purpose.
	Response to the User:
	(i) In case of valid PAN, name of the PAN holder, last date of PAN update as per ITD database and the status as "existing and valid" will be displayed. If the PAN is a fake PAN as per ITD database, the status will be shown as "Fake PAN".
	(ii) In case the PAN is not found in database, the response will be "not in ITD database". In such cases, if the User is able to provide a proof of this PAN (copy of PAN card or PAN allotment letter) to NSDL, it will be forwarded to ITD for investigation.
	For further information on charges and procedure for registration, DPs can visit the TIN website of NSDL at http://www.tin-nsdl.com and click on 'Online PAN verification launched' or contact Mr.Ashish Verma (email id ashishv@nsdl.co.in) / Ms.Aditi Joshi (email id aditij@nsdl.co.in) on Tel. No. (022) 2499 4216 / 4226.
	DPs are also advised to ensure compliance with the various guidelines/circulars issued by SEBI and NSDL from time to time with respect to PAN.
Circular No. NSDL/POLICY/ 2007/0045 Date: August 2, 2007	*Sub : Restriction in modification of PAN of a holder once PAN flag is enabled in DPMAS and penalty thereof for modification*
	Attention of all Depository Participants (DPs) is invited to NSDL Circular Nos. NSDL/POLICY/2006/0007 dated March 3, 2006 and NSDL/POLICY/2006/0012 dated March 25, 2006 wherein DPs were informed about the SEBI directive on making PAN compulsory and activation of PAN Flag on DPM Application Software (DPMAS).
	All DPs are hereby informed that with effect from September 1, 2007, DPs will be restricted from modifying the PAN of a holder in a Client account in DPMAS, once the PAN flag has been enabled. However, from that date, a DP may approach NSDL for modifying the incorrect PAN captured in the DPMAS where PAN flag has been enabled. A penalty of Rs. 500 will be levied on DPs for modification of PAN for each holder unless the reasons for modification are beyond the control of the DP. This penalty will be included in the monthly bills. DPs are advised to submit the request for modification as per the following format:

Sr. No.	DP ID	Client ID	Account Holder Indicator (e.g., For First Holder-1 /Second Holder - 2/Third Holder - 3)
1			
2			

It may be added that with effect from September 1, 2007, PAN flag for a holder once enabled (ticked) will not be allowed to be disabled.

Circular No. NSDL/POLICY/ 2007/0026 Date: May 10, 2007	**Sub : SEBI Circular on Permanent Account Number (PAN) - PAN to be sole identification number for all transactions in the securities market**

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Attention of Depository Participants is invited to SEBI Circular No. MDR/DoP/ Cir-05/2007 dated April 27, 2007 regarding Permanent Account Number to be sole identification number for all transactions in the securities market. A copy of the SEBI circular is enclosed for information and necessary action. Your attention is drawn particularly to Para 3 of the circular for implementation. Please ensure that your internal auditors comment on the implementation of this circular in their internal audit report starting from quarter ending June 2007, to be submitted by September 30, 2007.

Annexure

GENERAL MANAGER
Market Regulation Department-Division of Policy
E-mail: mdrao@sebi.gov.in
Tel: 022-2644 9370

<div align="right">

MRD/DoP/Cir- 05/2007

April 27, 2007

</div>

1.   The Executive Directors/Managing Directors/
      Administrators of All Stock Exchanges

2.   Chairman & MD, NSDL

3.   MD & CEO, CDSL

4.   All SEBI registered intermediaries

Dear Sir / Madam,

Sub: Permanent Account Number (PAN) to be the sole identification number for all transactions in the securities market

1.   The Hon'ble Finance Minister, in his announcement in the Union Budget for the year 2007-08, has proposed, inter-alia, to make PAN the sole identification number for all participants in the securities market with an alpha-numeric prefix or suffix to distinguish a particular kind of account.

2.   In the light of the aforesaid announcement and in order to strengthen the Know Your Client (KYC) norms and identify every participant in the securities market with their respective PAN thereby ensuring sound audit trail of all the transactions, it has been decided that PAN would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction.

3.   The intermediaries are advised in this regard as under:-

3.1   to put in the necessary systems in place so that all the individual databases of their clients and clients' transactions are linked to the PAN details of the client with which detailed analysis can be made.

3.2   to build the necessary infrastructure for enabling accessibility and query based on PAN thereby enabling retrieval of all the details of the clients that is available including the transactions done by them.

3.3 to collect copies of PAN cards issued to their existing as well as new clients by the Income Tax Department and maintain the same in their record after verifying with the original.

3.4 to cross-check the aforesaid details collected from their clients with the details on the website of the Income Tax Department i.e. http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp.

4. The Stock Exchanges and Depositories are advised to :-

4.1 put in place the necessary infrastructure so as to facilitate query based on PAN for retrieving details of all the clients/clients' transactions done in their respective systems.

4.2 make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.

4.3 bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and depository participants of the Depositories and also to disseminate the same on the website.

4.4 communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

5. The above shall come into force with effect from July 02, 2007.

6. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

S V Murali Dhar Rao

Circular No. NSDL/POLICY/ 2007/0008 Date: February 2, 2007	*Sub : Clarification-Operation of depository accounts in frozen status due to non- compliance with SEBI directive on PAN requirement*
	Depository Participants (DPs) have been seeking clarifications with respect to activities that can be performed in the DPM application Software (DPMAS) in regard to depository accounts (Beneficial Owner) which are frozen (Suspended for Debit) due to non- compliance with SEBI directive on PAN requirement. In this regard, NSDL has prepared a list of activities that a DP can perform in the DPMAS with respect to such accounts, which is given below:

Sr. No	Activities to be performed in the DPMAS with respect of depository accounts which are frozen due to non compliance with SEBI directive on PAN	Y indicates : can be performed N indicates : cannot be performed
(1)	**Dematerialisation**	
(i)	Demat initiation	Y
(ii)	Demat Confirmation / Rejection by Registrar & Transfer Agent (R&T Agent)	Y
(iii)	Demat cancellation	N

Sr. No	Activities to be performed in the DPMAS with respect of depository accounts which are frozen due to non compliance with SEBI directive on PAN	Y indicates : can be performed N indicates : cannot be performed	
(2)	**Rematerialisation / Repurchase**		
(i)	Remat initiation	N	
(ii)	Remat Confirmation / Rejection by R & T Agent (for instruction initiated before freezing the account)	Y	
(iii)	Remat cancellation	N	
(3)	**Client Modifications**		
(i)	Change of address, bank details, standing instruction etc.	Y	
(4)	**Account Transfer and Inter-Depository Transfer (IDT) (delivery instruction as well receiving credits)**		
(i)	Debit to Beneficial owner (BO) account	N	
(ii)	Credit to BO account arising out of market /off market / IDT	Y	
(5)	**Account Transfer and Inter-Depository Transfer (IDT) (Receipt Instruction, if standing instruction is not enabled)**		
(i)	Initiate Receipt instruction	Y	
(ii)	Initiate cancellation of Receipt instruction	Y	
(6)	**Pledge**	**Pledgor's account is frozen**	**Pledgee's account is active / frozen**
(i)	Initiation	N	-
(ii)	Confirmation	-	Y
(iii)	Cancellation (for instruction initiated prior to account being frozen and pledgee having not confirmed the same)	Y	-
(iv)	Rejection	-	Y
(v)	Closure (Normal / Unilateral)	Y	Y
(vi)	Invocation	-	Y

Further, DPs are requested to take note of the below activities that can be executed by the Issuers / R & T Agent with respect to depository accounts that are frozen due to non-compliance with PAN requirements.

[64]

Sr. No	Activities executed by the R & T Agent pertaining to Corporate Action (CA) and Auto Corporate Action (ACA) with few examples	Y indicates : can be performed N indicates : cannot be performed
1	**CA – Credits**	Y
	Eg. preferential issue, ESOP, rights issue, IPO credits, scheme of amalgamation, etc.	
2	**CA – Debits**	N
	Eg. buyback, debit for conversion of partly paid shares to fully paid-up shares, redemption arising out of call/put, debit for incorporation of lock-in, debit for conversion of warrants into equity shares, forfeiture of shares, etc.	
3.	**Bonus ACA**	Y
4.	**ACA**	Y
	Eg. sub-division, capital reduction, scheme of amalgamation, consolidation, etc.	
5.	**Redemption ACA**	N*
	Eg. redemption of debentures, commercial paper, certificate of deposits, bonds, etc.	

*When the status of the account is changed from "Suspended for debit" to "Active", the redemption will be initiated during BOD of the next business day on change of status thereof.

Circular No. NSDL/POLICY/ 2006/0068
Date: December 29, 2006

Sub : Clarification-SEBI directive on PAN-Regarding freezing and unfreezing of Client accounts

Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ POLICY/2006/0062 dated December 20, 2006 wherein system, operational and general guidelines with respect to freezing of Client accounts were informed to DPs.

In this regard, clarification sought by DPs (given in italics below) and NSDL's response is given hereunder :

Issues to be addressed before December 31, 2006 :

1) *What will happen to the Client accounts that are already in frozen (Suspended for Debit) status on account of instruction received from Client in physical or through SPEED-e, on the direction of Statutory Authority etc ?*

If the Client accounts are already frozen through DPM Application Software (DPMAS) or SPEED-e as per the case cited, the two utilities viz. Bulk Account Freeze and File Converter will still allow the DP to initiate the freeze instructions for such accounts, however, such instructions will fail in the BOD of January 1, 2007.

In this regard, DPs are requested to refer point no. (II) (5) of Circular No. NSDL/POLICY/2006/0062 dated December 20, 2006 which is reproduced for the ready reference of DPs:

"Client accounts that are already frozen ("**Suspended for Debit")** through DPMAS or SPEED-e) as on December 31, 2006, DPs should ensure that such frozen accounts are in compliance with Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006. If such Client accounts gets unfreezed and do not comply with PAN requirements, DPs are advised to freeze the accounts until the Client submits the PAN card and the DP duly verifies the same as mentioned in various NSDL circulars on PAN".

2) *Will the bulk cancellation utility facilitate the DP to cancel the future dated freeze instructions executed through the two utilities?*

It is hereby clarified that the bulk cancellation utility provided by NSDL Helpdesk will facilitate to cancel only those freeze instructions initiated through the two freeze utilities till the End Of the Day of **December 29 and 30, 2006**. From January 1, 2007 onwards, DPs will have to initiate unfreeze instruction for accounts that are in frozen status, provided such accounts comply with PAN requirements.

3) *Whether PAN requirement is applicable to Clearing Member accounts?*

It is hereby clarified that DPs should initiate freeze instructions only in respect of Beneficial Owner accounts that do not comply with SEBI directive on PAN requirements.

Issues to be addressed after December 31, 2006:

1) *Procedure to be followed in respect of closure of Client accounts that are frozen due to non-compliance of PAN requirements:*

On receipt of Closure requests from Clients, it is hereby clarified that in case of Client accounts with :

(i) **Zero balances :** DPs can unfreeze and close the Client accounts.

(ii) **Securities Position :** DPs can only unfreeze the Client accounts provided the Client(s) has provided the photocopy of the PAN card and DP has verified the PAN details as per the procedure laid down in Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006.

2) *Will DPMAS allow to make changes to demographic details such as change of address, change in bank details etc. after the account is frozen (from January 1, 2007)?*

It is hereby clarified that DPMAS will allow the DP to make changes to demographic details for Client accounts that are in frozen status.

3) *Procedure to be followed by DP when the Client(s) complies with PAN requirement?*

It is further clarified that upon the Client submitting the PAN card, DPs should follow the procedure in the below given sequence:

(i) Verify the PAN details as per the laid down procedure in Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006,

	(ii) Update the PAN field and enable the PAN flag provided in the DPMAS. Ensure that the status of the updation is **'Closed,Settled'**. (iii) Remove the suspension by initiating unfreeze instruction and ensure that the status of the unfreeze instruction is **'Closed,Settled'** prior to executing any other instruction in the DPMAS.
Circular No. NSDL/POLICY/ 2006/0043 Date: September 27, 2006	*Sub : SEBI circular on Permanent Account Number (PAN) - Extention of deadline* Attention of Participants is invited to Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006, regarding SEBI directive on Permanent Account Number (PAN). In this regard, SEBI has vide its Circular No. MRD/DoP/Dep/SE/Cir-13/06 dated September 26, 2006 decided to extend the deadline for capturing PAN details to December 31, 2006. Further, SEBI has decided to withdraw the grace period of 30 days as stated in para 4.1 of SEBI Circular No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006. A copy of the SEBI Circular is enclosed for information and necessary action.

Annexure

GENERAL MANAGER
MARKET REGULATION DEPARTMENT

MRD/DoP/Dep/SE/Cir-13/06
September 26, 2006

1. All Stock Exchanges

2. NSDL

3. CDSL

4. All Custodians

Dear Sirs,

> Sub: *Mandatory requirement of Permanent Account Number (PAN) - Issues and clarifications*

1. This is further to SEBI Circular No. MRD/DoP/SE/Cir-8/2006 dated July 13, 2006 making, inter-alia, PAN mandatory for trading in the cash market with effect from October 1, 2006 and SEBI Circular No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 offering clarifications pertaining to Mandatory requirement of PAN for operating Beneficiary Owner Account (BO) in the depository system.

2. Subsequent to the issue of above-referred SEBI Circulars, market participants have made further representations and suggestions and sought clarifications on the various issues from SEBI.

3. The further representations made and clarifications sought covered mainly the following aspects:

    3.1 Exemption from the requirement of verification with the original PAN Card in respect of the institutional clients. Some of the brokers have expressed difficulty in verifying the PAN of institutional clients with the original PAN card as they are dealing through the custodians and not directly with their clients.

3.2 Some of the Investors have represented to SEBI seeking exemption for the joint account holders from the mandatory requirement of PAN.

3.3 Requests have also been received from various market participants for extending the present deadline of September 30, 2006 due to the following reasons:

- Some of the BOs have PAN but not the PAN Card.

- Many others have PAN Allotment Letter and have applied for duplicate PAN Card as earlier PAN card was reportedly not issued by the Income Tax Department.

- Many investors have applied for PAN but have not received the same.

- In respect of many investors, PAN has been captured, but verification is in process.

3.4 Further, brokers have requested that clarifications issued by SEBI vide SEBI Circular No.MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 may be made applicable to trading in the cash market also.

4. Upon careful consideration of the representations and discussions with the market participants, the clarifications are as under :

4.1. In view of the difficulties expressed by the stock brokers in verifying the PAN of the institutional clients with the original PAN card, the custodians are advised to verify the PAN details of the institutional clients with the original PAN card and provide copy of such verified PAN details to the brokers duly certified. This would be applicable in respect of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956.

4.2. In the light of the practical difficulties expressed by various market participants as detailed above in adhering to the present deadline of September 30, 2006, the present deadline has been extended to December 31, 2006, as a one time measure.

4.3. The clarification contained in para 4.1 of the SEBI Circular No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 providing a grace period of 30 days to the entities registered with SEBI u/s 12 of the SEBI Act, 1992 stands withdrawn.

4.4. The clarifications as contained in Paras 4.2 to 4.9 of the SEBI Circular No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 are also applicable to trading in the cash market. A copy of the said circular is enclosed as Annexure I.

5. The Depositories are advised to:-

5.1. Bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website;

5.2. Include the aforesaid clarifications, as applicable, in the advertisement campaigns released by them from time to time for better understanding of the investors;

5.3. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;

5.4. Communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report.

6. The Stock Exchanges are advised to :

6.1. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.

6.2. Bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.

6.3. Communicate to SEBI, the status of the implementation of the provisions of this circular in Section II, item no. 13 of the Monthly Development Report.

7. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

V.S. SUNDARESAN

Annexure I

GENERAL MANAGER
MARKET REGULATION DEPARTMENT

MRD/DoP/Dep/Cir-09/06
July 20, 2006

The Chairman & Managing Director   The Managing Director & CEO
National Securities Depository Ltd.   Central Depository Services (India) Ltd.
Trade World,   Phiroze Jeejeebhoy Towers,
Kamala Mills Compound,   Dalal Street, Fort,
Senapati Bapat Marg, Lower Parel,   Mumbai 400 023
Mumbai - 400 013

Dear Sirs,

Sub: Mandatory requirement of Permanent Account Number (PAN) - Issues and clarifications

1. This has reference to NSDL Circular No. NSDL/POLICY/2006/0007 dated March 03, 2006 and CDSL Communiqué No. CDSL/OPS/ DP/657 as well as CDSL/OPS/DP/666 dated February 07, 2006 and March 08, 2006, respectively, on the captioned subject.

2. During the course of implementation of the aforesaid requirement, certain operational issues have arisen and accordingly, the market participants have made representations and suggestions and sought clarifications on the various operational issues from SEBI.

3. The representations made and clarifications sought covered the following aspects:

• Exemption to certain categories of entities registered with SEBI and verification of documents for proof of address.

• Exemption to Non-Resident Indians (NRIs)/Persons of Indian Origin (PIOs).

- Exemption to persons having PAN but not the PAN card.
- Exemption to UN entities and multilateral agencies which are exempted from paying taxes/ filing tax returns in India.
- Exemption to investors residing in the State of Sikkim.
- Verification of PAN card details in respect of accounts opened for HUF, AoP, Partnership Firm, Minor, etc.
- Verification of PAN card details wherever slight mismatch appears as well as where there is a difference in maiden name and current name of the investors.

4. Upon careful consideration of the representations and discussions with the market participants, the clarifications are as under :

4.1. All entities registered with SEBI under Section 12 of the SEBI Act, 1992 and having some difficulty in producing PAN card for verification at the time of opening the Beneficiary Owner (BO) account may be permitted to open a BO account without producing the PAN card. However, such entities would be required to submit the PAN card to the Depository Participants (DPs) within a period of 30 days from the date of opening of the BO account for verification, failing which the DPs shall freeze such accounts as "Suspended for Debit" till such time the PAN card is produced for verification.

4.2. As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney (POA) given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address of the FIIs/sub-accounts can be accepted as proof of address.

4.3. The NRIs/PIOs would be required to comply with the mandatory requirement of producing PAN Card at the time of opening a BO account. However, such NRIs/PIOs who are not able to obtain PAN for one reason or the other but are holding securities in physical form and desire to sell the same, may be permitted to open a "limited purpose BO account" without PAN. The operation of such BO accounts shall be subject to the following conditions :

- These accounts will be "suspended for credit", which means, only credits arising out of corporate benefits and demat of physical certificates will be permitted.
- These accounts cannot be used for getting credit from IPOs, off-market transactions or any secondary market transactions, etc.
- These accounts can remain operational only for a limited period of 6 months from the date of opening of the account. Meanwhile, the account holders may be permitted to convert the account into a normal BO account subject to complying with the PAN requirements. If the Account holder fails to produce the PAN card within the stipulated period of 6 months, the DPs shall freeze such BO accounts.
- The account holders shall be permitted to sell the securities lying in these accounts only through a registered broker on the stock exchange.

4.4. U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of such claim of the investors.

4.5. Any investor who has PAN but not having the PAN card may be permitted to open BO Accounts subject to producing the PAN allotment letter. However, such investors would be required to produce the PAN Card on or before September 30, 2006 failing which the DPs shall freeze such accounts as "Suspended for Debit" till PAN card is produced for verification.

4.6. In case of HUF, Association of Persons (AoP), Partnership Firm, Unregistered Trust, etc. -- though the BO account would be in the name of natural persons, PAN of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained.

4.7. As regards Registered Trust, Corporate Bodies and minors, PAN of the respective entities shall be obtained when accounts are opened in their respective names.

4.8. In case where there is difference in the maiden name and current name of the investor (predominantly in the case of married women), DPs can collect the PAN card proof as submitted by the account holder. However, this would be subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors as provided in the SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

4.9. In the light of the observations of the Hon'ble High Court of Sikkim in its Order dated March 31, 2006 as forwarded by the Sikkim Chamber of Commerce vide their letter No.See/52/06-07 dated May 11, 2006, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. However, this would be subject to the DPs verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address as provided in the SEBI Circular No.MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

5. The Depositories are advised to:-

5.1. Bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website;

5.2. Include the aforesaid clarifications in the advertisement campaigns released by them from time to time for better understanding of the investors;

5.3. Put up all such communications which may be useful for investors at large on their websites;

5.4. Ensure that proof of address (POA) is collected for all the account holders as is being done in the case of Proof of Identity (POI).

5.5. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;

5.6. Communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report for the month of August, 2006.

6. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Circular No. NSDL/POLICY/ 2006/0040 Date : September 18, 2006	**Sub : Clarification - Processing of Account opening documents and verification of PAN details** Attention of Participants is invited to Circular no. NSDL/POLICY/2006/0007 dated March 3, 2006 regarding SEBI directive on PAN. In this regard, clarification sought by Participants (given in italics below) and NSDL's response is given hereunder : *(i) Whether a non-NCFM (NSE's certification in financial markets - NSDL-Depository Operations Module) qualified staff of the Participant can verify the PAN details as well as the account opening documents of the Clients ?*

	It is clarified that an employee (staff) of the Participant irrespective of NCFM qualification can verify the account opening documents as well as follow the various procedures mentioned in the above circular with respect to verification of PAN details of the Clients. However, Participants shall continue to comply with the NCFM requirement as per Circular No. NSDL/PI/2003/1047 dated June 25, 2003.
	(ii) Whether a Participant needs to obtain a separate written request from the existing Clients for updation of PAN details in the DPM Application Software (DPMAS) ?
	It is clarified that **no** such separate written request (letter) is required to be obtained from the existing Clients for updation of PAN details in the DPMAS. Participants should have the necessary documents and follow the procedure as mentioned in our Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006.
	(iii) If the photocopy of PAN of the Client(s) obtained as proof of identity (POI), verified with the original and already captured in the DPMAS at the time of opening the account prior to NSDL Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006, whether Participants are once again required to obtain the PAN details from the Client(s)?
	If Participants have already obtained the PAN details as POI from their Client(s), verified the same with the originals and captured in the DPMAS, it is clarified that Participants need **not** obtain the PAN details from the Client(s) once again provided the PAN details so captured have been duly verified with the website of Income Tax Department and that the staff of the Participant has affixed a stamp as 'PAN verified', on the photocopy of the PAN card(s), as mentioned in our Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006.
Circular No. NSDL/POLICY/ 2006/0031 Date: August 9, 2006	***Sub : Operating guidelines on SEBI circular providing clarifications on PAN***
	Attention of Participants is invited to circular no. NSDL/POLICY/2006/0007 dated March 3, 2006 regarding SEBI directive on PAN and Circular No. NSDL/POLICY/2006/0030 dated July 24, 2006 intimating the Participants about SEBI clarifications on PAN vide SEBI Circular no. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006.
	Further to the clarification issued by SEBI (given in italics below), Participants are advised to take note of the following additional operating guidelines / clarifications with respect to capturing of PAN details:
	(I) 4.1 *All entities registered with SEBI under Section 12 of the SEBI Act, 1992 and having some difficulty in producing PAN card for verification at the time of opening the Beneficiary Owner (BO) account may be permitted to open a BO account without producing the PAN card. However, such entities would be required to submit the PAN card to the Depository Participants (DPs) within a period of 30 days from the date of opening of the BO account for verification, failing which the DPs shall freeze such accounts as "Suspended for Debit" till such time the PAN card is produced for verification.*

NSDL's operating guidelines:

(a) If a SEBI registered entity expresses its inability to produce the PAN card at the time of opening the BO account, Participants are required to obtain a photocopy of SEBI Registration Certificate and verify the same with the original, open the account, capture the description **"INTERMEDRY"** under the PAN field and enable the PAN flag.

(b) If the entity does not submit the PAN card within 30 days from the date of opening the account, Participants are advised to disable the PAN flag **and suspend the account for debit.**

(c) If the entity submits the PAN card, Participants should :

   (i) Verify the PAN details as per the laid down procedure and enable the PAN Flag in the DPM Application Software (DPMAS); and

   (ii) Remove the suspension.

(II) 4.2 *As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney (POA) given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address of the FIIs/sub-accounts can be accepted as proof of address.*

No further guidelines in this regard.

(III) 4.3 *The NRIs/PIOs would be required to comply with the mandatory requirement of producing PAN Card at the time of opening a BO account. However, such NRIs/PIOs who are not able to obtain PAN for one reason or the other but are holding securities in physical form and desire to sell the same, may be permitted to open a "limited purpose BO account" without PAN. The operation of such BO accounts shall be subject to the following conditions :*

➢ *These accounts will be "suspended for credit", which means, only credits arising out of corporate benefits and demat of physical certificates will be permitted.*

➢ *These accounts cannot be used for getting credit from IPOs, off-market transactions or any secondary market transactions, etc.*

➢ *These accounts can remain operational only for a limited period of 6 months from the date of opening of the account. Meanwhile, the account holders may be permitted to convert the account into a normal BO account subject to complying with the PAN requirements. If the Account holder fails to produce the PAN card within the stipulated period of 6 months, the DPs shall freeze such BO accounts.*

➢ *The account holders shall be permitted to sell the securities lying in these accounts only through a registered broker on the stock exchange.*

NSDL's operating guidelines:

(a) If NRIs/PIOs express their inability to produce the PAN card at the time of opening of a BO account, Participants may open the account, capture the description **"NRICATEGRY"** under PAN field and enable the PAN flag. Also, standing instructions should not be enabled for such accounts.

(b) If the entity does not submit the PAN card within the stipulated time of six months from the date of activation of accounts, Participants are advised to disable the PAN Flag and **suspend the account for debit.**

(c) If the entity submits the PAN card, Participants should :

(i) Verify the PAN details as per the laid down procedure and enable the PAN Flag in the DPMAS;

(ii) Enable the standing instructions, as per the request of the entity; and

(iii) Remove the suspension.

(IV) 4.4 *U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of such claim of the investors.*

NSDL's operating guidelines:

After the Participants are satisfied that such entities are exempt from paying taxes/filing tax returns in India, Participants are advised to capture the description **"EXEMPTCATG"** under the PAN field and enable the PAN flag in DPMAS.

(V) 4.5 *Any investor who has PAN but not having the PAN card may be permitted to open BO Accounts subject to producing the PAN allotment letter. However, such investors would be required to produce the PAN Card on or before September 30, 2006 failing which the DPs shall freeze such accounts as "Suspended for Debit" till PAN card is produced for verification.*

NSDL's operating guidelines:

(a) Participants may open the BO account based on the PAN allotment letter issued by the Income Tax Department (ITD) and after due verification with the ITD website as per the procedure mentioned in NSDL circular no. NSDL/POLICY/2006/0007 dated March 3, 2006, capture the description **"ALOTMNTLTR"** under PAN field and enable the PAN flag. Further, Participants should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity, as clarified in the SEBI circular.

(b) If the entity does not submit the PAN card before September 30, 2006, Participants should disable the PAN flag and **suspend the account for debit**.

(c) If the entity submits the PAN card, Participants should :

(i) Verify the PAN details as per the laid down procedure and enable the PAN Flag in the DPMAS; and

(ii) Remove the suspension.

(VI) 4.6 *In case of HUF, Association of Persons (AoP), Partnership Firm, Unregistered Trust, etc. -- though the BO account would be in the name of natural persons, PAN of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained.*

No further guidelines in this regard.

(VII) 4.7 *As regards Registered Trust, Corporate Bodies and minors, PAN of the respective entities shall be obtained when accounts are opened in their respective names.*

No further guidelines in this regard.

(VIII) 4.8 *In case where there is difference in the maiden name and current name of the investor (predominantly in the case of married women), DPs can collect the PAN card proof as submitted by the account holder. However, this would be subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors as provided in the SEBI Circular No. MRD/DoP/Dep/ Cir-29/2004 dated August 24, 2004.*

NSDL's operating guidelines:

(a) This guidance given by SEBI may also be used whenever there is a minor difference in the name mentioned in the PAN Card and the name in which the account is opened / sought to be opened.

(b) Photograph of person appearing on the PAN card can be compared with the account holder and/or the photograph submitted by the account holder alongwith the application form. Father's name if available on the application form can be compared with the father's name appearing on the PAN card of the account holder.

(c) Participants should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity, as clarified in the SEBI circular.

An illustrative list of minor difference in the names is enclosed.

(IX) 4.9 *In the light of the observations of the Hon'ble High Court of Sikkim in its Order dated March 31, 2006 as forwarded by the Sikkim Chamber of Commerce vide their letter No.See/52/06-07 dated May 11, 2006, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. However, this would be subject to the DPs verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address as provided in the SEBI Circular No.MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.*

NSDL's operating guidelines:

(a) Participants should ascertain that the entity resides in the state of Sikkim and if satisfied, capture the description **"SIKKIMCATG"** under the PAN field and enable the PAN flag.

(b) If an entity makes a request for capturing the correspondence address as default address or submits a request for change of address and the address in both these situations is not of Sikkim, in such a case, the entity must comply with the PAN requirements and till such time should disable the PAN flag and **suspend the account for debit** .

	(c) If the entity submits the PAN card, Participants should : (i) Verify the PAN details as per the laid down procedure and enable the PAN Flag in the DPMAS; and (ii) Remove the suspension. **Annexure** An illustrative list of minor differences as mentioned in Point no. 4.8 of SEBI Circular. Participants should follow NSDL operating guidelines mentioned after 4.8 of Circular No. NSDL/POLICY/2006/0031 dated August 9, 2006.

Sushil Kumar Shah	Sushil K Shah
	Sushil Shah
	Sushil Kumar
	Sushil
	Sushilbhai K Shah/Sushilbhai Kumar Shah / Sushilbhai / Sushilbhai Shah
Pinki Parmar Desai (Maiden Name)	Pinki Rasiklal Shah (Married Name)
	Tulsi Shah (name change pursuant to marriage)
Sunshine India Private Limited	Sunshine India Pvt Ltd / Sunshine India P Ltd
	Sunshine (I) P Ltd
	Sunshine Private Limited
Tulip Mauritius Limited Growing Software Companies India Fund	Tulip Mauritius Limited G S C I FUND
	Tulip Mauritius Growing Software Companies India Fund
	T M L G S C I Fund
	Tulip Mauritius Limited Grow Soft (Truncated)

1) Short form for Technology Fund / Equity Fund mentioned as Tech Fd / Eq Fd.

2) Spelling mistakes in the name viz., Shushil Kumar Shah for Sushil Kumar Shah, Fledging Nominee for Fledgeling Nominees.

3) PAN card does not mention the scheme name but mentions the name of the Mutual Fund.

4) PAN card mentions only the FII name and not the name of sub-account.

Account opened for a specific purpose i.e., "ABC Escrow a/c" while the name on PAN card is "ABC Ltd".

Circular No. NSDL/POLICY/ 2006/0030 Date: July 24, 2006	*Sub : SEBI circular providing clarification on Permanent Account Number (PAN)* Attention of Participants is invited to circular no. NSDL/POLICY/2006/0007 dated March 3, 2006, regarding SEBI directive on PAN. In this regard, SEBI has vide its circular no. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 issued certain clarifications on PAN which are enclosed for guidance to the Participants.

GENERAL MANAGER
MARKET REGULATION DEPARTMENT

MRD/DoP/Dep/Cir-09/06
July 20, 2006

The Chairman & Managing Director   The Managing Director & CEO
National Securities Depository Ltd.   Central Depository Services (India) Ltd.
Trade World,   Phiroze Jeejeebhoy Towers,
Kamala Mills Compound,   Dalal Street, Fort,
Senapati Bapat Marg, Lower Parel,   Mumbai 400 023
Mumbai – 400 013

Dear Sirs,

Sub: _Mandatory requirement of Permanent Account Number (PAN) – Issues and clarifications_

1. This has reference to NSDL Circular No. NSDL/POLICY/2006/0007 dated March 03, 2006 and CDSL Communiqué No. CDSL/OPS/ DP/657 as well as CDSL/OPS/DP/666 dated February 07, 2006 and March 08, 2006, respectively, on the captioned subject.

2. During the course of implementation of the aforesaid requirement, certain operational issues have arisen and accordingly, the market participants have made representations and suggestions and sought clarifications on the various operational issues from SEBI.

3. The representations made and clarifications sought covered the following aspects:

    ✧   Exemption to certain categories of entities registered with SEBI and verification of documents for proof of address.

    ✧   Exemption to Non-Resident Indians (NRIs)/Persons of Indian Origin (PIOs).

    ✧   Exemption to persons having PAN but not the PAN card.

    ✧   Exemption to UN entities and multilateral agencies which are exempted from paying taxes/ filing tax returns in India.

    ✧   Exemption to investors residing in the State of Sikkim.

    ✧   Verification of PAN card details in respect of accounts opened for HUF, AoP, Partnership Firm, Minor, etc.

    ✧   Verification of PAN card details wherever slight mismatch appears as well as where there is a difference in maiden name and current name of the investors.

4. Upon careful consideration of the representations and discussions with the market participants, the clarifications are as under :

    4.1. All entities registered with SEBI under Section 12 of the SEBI Act, 1992 and having some difficulty in producing PAN card for verification at the time of opening the Beneficiary Owner (BO) account may be permitted to open a BO account without producing the PAN card. However, such entities would be required to submit the PAN card to the Depository Participants (DPs) within a period of 30 days from the date of opening of the BO account for verification, failing which the DPs shall freeze such accounts as "Suspended for Debit" till such time the PAN card is produced for verification.

4.2. As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney (POA) given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address of the FIIs/sub-accounts can be accepted as proof of address.

4.3. The NRIs/PIOs would be required to comply with the mandatory requirement of producing PAN Card at the time of opening a BO account. However, such NRIs/PIOs who are not able to obtain PAN for one reason or the other but are holding securities in physical form and desire to sell the same, may be permitted to open a "limited purpose BO account" without PAN. The operation of such BO accounts shall be subject to the following conditions :

   ✧ These accounts will be "suspended for credit", which means, only credits arising out of corporate benefits and demat of physical certificates will be permitted.

   ✧ These accounts cannot be used for getting credit from IPOs, off-market transactions or any secondary market transactions, etc.

   ✧ These accounts can remain operational only for a limited period of 6 months from the date of opening of the account. Meanwhile, the account holders may be permitted to convert the account into a normal BO account subject to complying with the PAN requirements. If the Account holder fails to produce the PAN card within the stipulated period of 6 months, the DPs shall freeze such BO accounts.

   ✧ The account holders shall be permitted to sell the securities lying in these accounts only through a registered broker on the stock exchange.

4.4. U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of such claim of the investors.

4.5. Any investor who has PAN but not having the PAN card may be permitted to open BO Accounts subject to producing the PAN allotment letter. However, such investors would be required to produce the PAN Card on or before September 30, 2006 failing which the DPs shall freeze such accounts as "Suspended for Debit" till PAN card is produced for verification.

4.6. In case of HUF, Association of Persons (AoP), Partnership Firm, Unregistered Trust, etc. -- though the BO account would be in the name of natural persons, PAN of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained.

4.7. As regards Registered Trust, Corporate Bodies and minors, PAN of the respective entities shall be obtained when accounts are opened in their respective names.

4.8. In case where there is difference in the maiden name and current name of the investor (predominantly in the case of married women), DPs can collect the PAN card proof as submitted by the account holder. However, this would be subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors as provided in the SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

4.9. In the light of the observations of the Hon'ble High Court of Sikkim in its Order dated March 31, 2006 as forwarded by the Sikkim Chamber of Commerce vide their letter No.See/52/06-07 dated May 11, 2006, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. However, this would be subject to the DPs verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address as provided in the SEBI Circular No.MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

5. The Depositories are advised to:-

    5.1. Bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website;

    5.2. Include the aforesaid clarifications in the advertisement campaigns released by them from time to time for better understanding of the investors;

    5.3. Put up all such communications which may be useful for investors at large on their websites;

    5.4. Ensure that proof of address (POA) is collected for all the account holders as is being done in the case of Proof of Identity (POI).

    5.5. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;

    5.6. Communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report for the month of August, 2006.

6. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully

V. S. SUNDARESAN

Circular No. NSDL/POLICY/ 2006/0028 Date : July 18, 2006	*Sub: Clarification - Capturing PAN in case of HUF and minor accounts*
	Attention of Participants is invited to circular no. NSDL/POLICY/2006/0007 dated March 3, 2006, regarding SEBI directive on PAN. Participants have been seeking clarification from NSDL regarding capturing of PAN details with respect to HUF and Minor accounts.
	In this regard, Participants are advised that for HUF accounts, PAN details of the HUF and for Minor accounts, PAN details of the Minor should be captured.
	Participants should obtain a photocopy of the PAN card of the HUF / Minor, as the case may be, verify the same with the original PAN card and follow the procedure mentioned in the above mentioned Circular.
Circular No. NSDL/POLICY/ 2006/0015 Date: May 22, 2006	*Sub : Discrepancy in the PAN details captured by the Participants*
	NSDL vide its circular nos. NSDL/POLICY/2006/0007 dated March 3, 2006 and NSDL/POLICY/2006/0012 dated March 25, 2006, informed the Participants regarding SEBI directive on PAN as a mandatory requirement for demat accounts and the procedure for activating PAN flag on DPM Application Software (DPMAS).
	NSDL analysed the PAN details that were captured by the Participants during the month of April 2006. The following are the major discrepancies that have been observed:

	1. **Invalid** data i.e. "aaaaaaaaaa" or "123451233a" entered in the field provided for PAN in the DPMAS and PAN flag activated for such accounts.
	2. Correct PAN details were captured in the DPMAS, but PAN flag was **not** activated for such accounts.
	3. PAN details captured in DPMAS do not match/exist in the **Income Tax Database** i.e. website of Income Tax Department but PAN flag activated.
	NSDL provided the list of such cases to the Participants with an advice to correct the same. Participants have responded to NSDL stating that such discrepancies have occurred due to inadvertent capturing of PAN details, typographical errors, PAN details captured from the application form that was different from the PAN Card submitted by the Client which was verified with the website.
	In view of the foregoing, all Participants are hereby advised to be careful while capturing PAN details and ensure that the guidelines provided in the aforesaid circulars in terms of capturing correct PAN details after due verification and enabling the PAN flag are duly complied with.
	In case it is observed that discrepancies exist in the PAN details captured on or after May 1, 2006, NSDL would levy a penalty of Rs.100 per account.
Circular No. NSDL/POLICY/ 2006/0012 Date: March 25, 2006	*Sub : Activation of PAN flag on DPM system*
	Attention of Participants is invited to our circular no. NSDL/POLICY/2006/ 0007 dated March 3, 2006 wherein Participants were informed about the SEBI directive on making Permanent Account Number (PAN) compulsory for all categories of demat account-holders.
	Participants are further advised as follows:
	1 DPM Application Software (DPMAS) has been modified by making PAN as a **'mandatory field'.** This change is proposed to be released to Participants from March 29-31, 2006. The schedule will be sent to the Participants by NSDL Help Desk. Participants may note that after this release, the accounts that are opened in DPMAS will require the PAN to be mandatorily captured.
	2. Participants are advised to strictly follow the guidelines issued by NSDL vide aforesaid circular and ensure that the PAN details are captured in the DPMAS only after they are duly verified with the Income Tax Department website.
	3. PAN flag for each of the holder has been introduced in the DPMAS. Participants are advised to ensure that after capturing the PAN details, the PAN flag(s) is/are also enabled.
	4. Participants are advised that in respect of the existing accounts, after due verification as mentioned above, the PAN flag in DPMAS should be enabled.
	5. Participants can avail the facility of bulk verify & release provided their back-office system is equipped with maker/checker facility. The changes in the file formats in respect of the back-office batch interface with the DPMAS is enclosed.

c. Power of Attorney

Account operation - Power of attorney	
Circular No. NSDL/POLICY/ 2007/0054 Date: September 22, 2007	*Sub: Release of POA Module and its features*
	All Depository Participants (DPs) are hereby informed that Power of Attorney (POA) module in the DPM Application Software (DPMAS) is scheduled for release in the first week of October 2007. **The procedure to capture POA holder/ Authorized Signatory signature and the changes in the back-office module and the file formats in respect of the back-office batch interface with the DPMAS are enclosed in Annexure-I.** In this regard, DPs are advised to be ready with their back-office compatible with POA Module. Compact Discs (CDs) containing the release of POA Module in the DPMAS and instructions regarding upgradation will be sent to DPs by courier separately.
	It has been brought to the notice of NSDL that a number of DPs are offering e-broking services to its clients. This may necessitate execution of POA in favor of DP/broker to operate the client account. NSDL vide its Circular No. NSDL/ PI/2003/0572 dated April 7, 2003 had advised the DPs to capture the signatures of the account holder(s) as well as POA holder, if a POA holder is operating an account, in the DPMAS.
	At present, all signatures in client account are captured as a single image in the DPMAS. As per aforesaid circular, DPs are required to do the following:
	1. In case POA holder is a individual entity, DP is required to scan the signature of all the account holder(s) and POA holder in client account where that Individual entity is a POA holder.
	2. In case POA holder is a corporate entity, DP is required to scan the signatures of all authorized signatories and the account holder(s) in client account where that corporate entity is a POA holder.
	Further, in case of change in authorised signatory or change in individual entity in whose favour POA is given, DP is required to rescan the signatures of all authorized signatories or individual entity and the account holder(s) in all the accounts where that corporate/individual entity is a POA holder. DPs have expressed practical difficulty in complying with the aforesaid circular, as it is a time consuming activity.
	To facilitate DPs to capture POA's signature separately NSDL has decided to introduce the POA module to supplement the client maintenance module in the DPMAS for "Active/frozen" client accounts in DPMAS system.
	Features of POA module:
	a) Client's Signature would continue to remain as a single image i.e., the signature of all account holders would be scanned as a single image. However, POA holder's (Authorized signatories in case of POA holder being a corporate or individual entity in whose favour POA is given) signature will be scanned separately and will not be a part of client's signature.
	b) Each POA holder and Authorized Signatory would be registered separately along with his or her signature for which a unique id i.e., POA Id and Authorized signatory Id respectively would be generated by DPMAS system.

	c) The authorized signatories will be grouped to form a POA group (for POA holder being a corporate) for which also a unique identification number; POA Id, would be generated by DPMAS system.
	d) Identification number given to POA or POA group would be referred to as POA Id i.e., if POA is an individual, POA Holder Id would be POA Id. If POA is a corporate entity POA group id would be POA Id
	e) Every account holder who operates through a POA can be mapped to this POA holder or POA group if POA is given to an individual holder or corporate respectively.
	f) There can be more than one POA ID associated to each account holder.
	g) While registering POA Group, system will also provide for capturing minimum number of authorized signatories required to sign the instruction slip. However, this is an information field to aid manual verification. System will not have any in-built validation for this field.
	h) If an Individual signatory is no more authorized to be an authorized signatory as a POA holder, then the mapping between POA-id of a POA holder and the account in case of an individual, and POA-id and authorized signatory id in case of a corporate entity need to be removed. In case, a new signatory is to be inducted, then signature of the new signatory only will be required to be scanned. Then in case of a POA holder of an individual account, a new POA id of the new POA holder will be mapped to the account and in case of a corporate entity, new authorized signatory id needs to be mapped to POA-id.
	i) POA details can be mapped to individual and corporate beneficiary accounts only. This facility will not be available for Clearing Members and intermediary accounts.
	j) Screens are provided in DPMAS for registration/modification of Individual POA holder, Authorized Signatory, Corporate POA/POA Group and mapping of POA Id to account holder.
	Further, DPs are required to follow the guidelines issued vide circulars ref. no. NSDL/PI/2000/982 dated June 23, 2000, NSDL/PI/2000/1953 dated October 19, 2000 and NSDL/PI/2005/2329 dated November 25, 2005 in this regard.
	It may be informed that for the purpose of explaining features of POA module, NSDL will conduct training at Mumbai, New Delhi, Kolkata and Chennai in the month of October 2007. The details of the training will be communicated to the DPs separately. A DPM user manual will also be provided to the DPs along with the CD of the software release. In case of any queries regarding file formats you may write to helpdesk@nsdl.co.in.

d. Others

Circular No. NSDL/POLICY/ 2008/0081 Date: November 10, 2008	*Sub: Discontinuation of the pilot project for dematerialisation of National Savings Certificate (NSC) and Kisan Vikas Patra (KVP) in dematerialised form.*
	All Participants are hereby informed that the pilot project for dematerialisation of NSC and KVP in dematerialised form has been discontinued by Department of Posts (DoP). Therefore, no fresh NSC/KVP will be issued in demat form by

| | DoP. Those investors who hold the NSC/KVP in a dematerialised form in their accounts, may continue to hold the same till its maturity or pre-mature encashment, as may be applicable. Participants are requested to take note of the above and inform their clients suitably. |
| | For further information/clarification, Participants are requested to contact Ms. Saoli Bagchi/ Ms. Aanushree Patil on tel. no. 022 - 2499 4250/4371. (email: nsckvp@nsdl.co.in). |

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NOTES

2. Dematerialisation

a. General

Section 6	(1) Any person who has entered into an agreement under section 5 shall surrender the certificate of security, for which he seeks to avail the services of a depository, to the issuer in such manner as may be specified by the regulations.
	(2) The issuer, on receipt of certificate of security under sub-section (1), shall cancel the certificate of security and substitute in its records the name of the depository as a registered owner in respect of that security and inform the depository accordingly.
	(3) A depository shall, on receipt of information under sub-section (2), enter the name of the person referred to sub-section (1) in its records, as the beneficial owner.
Regulation 54 (1)	Any beneficial owner, who has entered into an agreement with a participant, shall inform the participant of the details of the certificate of security which is to be dematerialised, and shall surrender such certificate to the participant: Provided that where a beneficial owner has appointed a custodian of securities, then he may surrender the certificates of security to the participant through his custodian of securities.
Regulation 54 (2)	The participant shall, on receipt of information under sub-regulation(1), Forward such details of the certificate of security to the depository and shall confirm to the depository that an agreement has been entered into between the participant and the beneficial owner.
Regulation 54 (3)	The participant shall maintain records indicating the names of beneficial owners of the securities surrendered, the number of securities and other details of the certificate of security received.
Bye Law 9.2.2	A Client may convert his physical holdings of securities into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as DRF) in the form prescribed under the Business Rules along with the relevant security certificates.
Bye Law 9.2.3	The Participant shall forward the DRF so received, along with the security certificates, to the Issuer or its Registrar & Transfer Agent after electronically registering such request with the Depository. Such DRF shall be forwarded by the Participant not later than seven days of accepting the same from its Client.
Clause 2 of DP- Client Agreement	The Client shall have the right to get the securities which have been admitted on the Depository dematerialised in the form and manner laid down under the Bye Laws and Business Rules. The Depository Participant further undertakes that it shall not create or permit to subsist any mortgage , charge or other encumbrance over all or any of such securities submitted for dematerialisation except on the instructions of the Client.
Rule 11.1.1	Every Client shall submit to the Participant the securities for dematerialisation along with the Dematerialisation Request Form (DRF). The specimen of the DRF is given in Annexure D.

Demat request - POA holders	
Circular No: NSDL/PI/98/001 Date: January 1,1998	All Participants are hereby advised that while forwarding dematerialisation / rematerialisation request forms to the Issuer/ R&T Agents, in the cases where requests are received from the Power of Attorney (POA) holders of clients, the following should be ensured : i. If the POA is not registered with the Issuer/R&T Agents, a copy of the POA should be enclosed along with the DRFs/RRFs. ii. If the POA is registered with the Issuer/R&T Agents, the POA registration number should be mentioned on the DRFs/RRFs.
Demat request - Handling request in bulk	
Circular No. NSDL/PI/98/013 Date : January 6,1998	All Participants are hereby requested to ensure the following while sending bulk dematerialisation requests to the Issuer/R&T Agents: i. the certificates should be arranged in the same sequence as mentioned on the DRF. ii. the certificate details may also be provided in a soft copy form (i.e., on a floppy, DAT, etc.) in addition to a hard copy.
Demat request - Name matching	
Circular No. NSDL/PI/99/28 Date: January 11,1999	All Participants are hereby informed that it was decided in the meeting held by SEBI on December 17, 1998, that the Issuers/R&T Agents should process the dematerialisation requests received from client(s) with name(s) not matching exactly with the name(s) appearing on the certificates merely on account of initials not being spelt out fully or put after or prior to the surname, provided the signature(s) of the client(s) on the DRF tallies with the specimen signature(s) available with them. For example, the holder of securities may have opened the depository account in the name of Sushil Ramesh Shah but his name on the certificate may appear as S. R. Shah or Sushil R. Shah, etc. While doing so, the Issuer/R&T Agent should ensure compliance of all the laws, Rules and Regulations prescribed under the Depositories Act, SEBI Regulations, NSDL Bye Laws, Business Rules and Operational Guidelines. This was informed to all Issuers/R&T Agents vide our circular no. NSDL/SG/001/99 dated January 8, 1999. In view of the above, Participants may advise their clients (individuals) that such cases as explained above will be considered for dematerialisation.
Demat request - Internal control on despatch	
Circular No. NSDL/PI/99/116 Date: February 25, 1999	It has been brought to our notice by some Issuers/R&T Agents that occasionally they have been receiving dematerialisation request forms and the physical certificates pertaining to the securities not handled by them. In view of this, Participants are advised to ensure that proper internal controls are in place for despatch of the dematerialisation request forms and the physical certificates to the correct addresses. Participants are advised to refer to the circulars issued by NSDL regarding the addresses where the dematerialisation request forms are to be sent. Loss of such certificates in transit and consequent losses to investors will expose Participants to claims by investors.

Demat Processing - Certificates submitted for demat	
Circular No. NSDL/PI/2004/0649 Date : April 12,2004	Attention of Participants is invited to Rules 11.1.7 and 11.1.9 of the Business Rules of NSDL pertaining to the manner in which security certificates should be cancelled before onward submission to the Issuer or its Registrar and Transfer Agent for dematerialisation.

In addition to the procedures mentioned in the aforesaid Rules, the Participants must ensure that the security certificates submitted for dematerialisation to the Issuer or its Registrar and Transfer Agent bear the DP name, DP Id and Client Id. |

Demat processing - SEBI directive to R&T Agent	
Circular No. NSDL/PI/99/390 Date : May 28, 1999	A copy of the circular no. PMD/SU/11560/99 dated May 20, 1999 issued by the Securities and Exchange Board of India to all Registrar & Transfer Agents regarding processing dematerialisation requests is enclosed for your information.

SECURITIES AND EXCHANGE BOARD OF INDIA
PRIMARY MARKET DEPARTMENT
Mittal Court, 'A' Wing, Ground Floor
Nariman Point, MUMBAI - 400 021.
RRTI Circular No.1(99-2000)
PMD/SU/11560 /99
May 20, 1999

To:

All Category I Registrars to an issue and share transfer agents

All Category II Share transfer agents.

Dear Sir,

Sub : Delay in processing dematerialisation requests.

It has come to our notice that some of the share transfer agents are taking an unduly long time for dematerialisation of shares and are also rejecting the dematerialisation requests on flimsy grounds without providing necessary reasons and legal documentation. Such practices are detrimental to the interest of the investors and slow down the process of dematerialisation.

You are therefore requested to expedite the processing of dematerialisation request, in any case ensuring that the request is processed within 15 days from the date of the such request. You are also advised not to reject the request on flimsy grounds or without specifying reason for rejection or without proper documents supporting your reason for rejection. A violation of this directive would invite suitable action.

Demat processing - Time standard for rejected demat requests	
Circular No. NSDL/PI/99/826 Date: October 21,1999	SEBI has constituted a Standing Committee to resolve issues between Depository Participants, Registrars and the Depositories. The first meeting of the Standing Committee was held on September 10, 1999 and various issues relating to dematerialisation of securities were discussed. It was decided by the Committee that where demat request forms (DRFs) and the certificates do not reach the Registrar within 30 days from the date of electronic request, such requests should be rejected. It was also decided that where there are

	pending court cases in respect of shares for which demat requests have been received, such requests should be rejected within 30 days and the Registrars should ensure that the relevant documents are despatched to the Participants within 5 days of the rejection.
	It was further decided that where there are signature mismatches, the Registrars should, based on the attestation of the banker, process such demat requests. In case any demat request is rejected due to signature mismatch, the Registrar should ensure that all relevant documents are returned to the concerned Participant, within 5 days. This is for information of the Participants.
Demat request - due care	
Circular No. NSDL/PI/99/901 Date: November 18, 1999	All Participants are advised to ensure due care while processing the requests for dematerialisation received from the clients. Participants must mention the correct ISINs in the dematerialisation request forms (DRFs) and take special care in respect of those cases where multiple ISINs exist viz; non pari-passu shares, partly-paid shares, new sub-divided shares, etc. In such cases, Participants must also ensure to mention the correct ISIN while capturing/ verifying & releasing the dematerialisation requests in the DPM system.
	It has been observed that dematerialisation requests are initiated under NPP ISIN even after such shares have become pari-passu with the old shares consequent to the book closure. It is therefore advised to exercise extra caution while processing dematerialisation requests under NPP ISIN.
	Those Participants who have multiple DPM set-ups should ensure that the correct DP-Ids are mentioned in the dematerialisation request forms.
Demat request - wrong release	
Circular No. NSDL/PI/2000/1006 Date : June 26,2000	All Participants are advised that if they have wrongly released any dematerialisation request in the DPM system and if it is not cancelled till the EOD of the release date, then they must immediately inform the respective Issuer / Registrar & Transfer Agent requesting for rejection of the dematerialisation request. Details of the request viz.; DP Id, DRN, ISIN, No. of shares requested and the reason for cancellation must be provided to the Issuer / Registrar & Transfer Agent for the purpose of rejection
Companies delaying demat request confirmation	
Circular No. NSDL/POLICY/ 2008/0053 Date: August 9, 2008	*Sub: List of companies having more than 50 demat requests pending beyond 21 days*
	Attention of Participants is invited to our Circular No. NSDL/PI/2001/1694 dated November 6, 2001 advising Participants to inform their Clients suitably while accepting demat requests of companies with large number of demat requests pending beyond 21 days. Further, Participants were informed vide Circular No. NSDL/PI/2004/0391 dated March 1, 2004 that the list of 200 such companies is made available on its website http://www.nsdl.co.in.
	In this context, in place of the above list, NSDL has now started displaying the list of all companies having more than 50 demat requests pending beyond 21 days on the NSDL website http://www.nsdl.co.in on a weekly basis.

	Participants are therefore advised to maintain the aforesaid information at all their branches/franchisees/service centre and should accordingly inform the Clients about such companies while accepting any requests for dematerialisation of securities of such companies.
Circular No. NSDL/PI/2004/0993 Date : June 4, 2004	All Participants are hereby informed that NSDL has been receiving information from Registrar and Transfer Agents (RTAs) about certain companies whose dematerialisation requests are pending for confirmation for a long time, as these companies are not contactable / not responding or there are dues pending from the companies and consequently the RTAs have discontinued providing depository services to their client companies. A list of such companies is available on the NSDL website (http://www.nsdl.co.in/downloadables/list-comp2.html). Participants are advised to inform their Clients suitably while accepting demat requests of such companies and maintain the aforesaid information at all their branches/franchisees/service centres.
Circular No. NSDL/PI/2004/0391 Date: March 1,2004	Attention of Participants is invited to our Circular No. NSDL/PI/2001/1694 dated November 6, 2001 advising Participants to inform their Clients suitably, while accepting demat requests of companies with highest number of pending demat requests beyond 21 days. NSDL has regularly been updating the list of 200 such companies on its website http://www.nsdl.co.in. However, in the investor-depository meets conducted by NSDL, Clients have represented to us that such information is not available at a number of branches/franchisees/ service centres of Participants from where they are offering services. Participants are advised to maintain the aforesaid information at all their branches/franchisees/service centres.
Circular No. NSDL/PI/2001/1694 Date: November 6, 2001	All Participants are hereby informed that NSDL has, on its website http://www.nsdl.co.in given the list of 100 companies with highest number of pending demat requests beyond 21 days. This list will be updated at regular intervals. Participants are advised to inform their Clients suitably, while accepting demat requests of such companies.
Request for rejection of pending demat & account closure	
Circular No. NSDL/PI/2003/0309 Date: February 22, 2003	Participants have been representing to NSDL that they are not in a position to process the requests received from their Clients to close their accounts due to request(s) for dematerialisation pending disposal for a long time by the concerned Issuer company and/or its Registrar & Transfer Agent (RTA). In order to help such Clients to close their accounts, Participants can advise their Clients as under: 1. Write a letter (format given below) to the Issuer (with a copy marked to its Participant and respective RTA), requesting for rejection of the pending dematerialisation request(s) and send fresh physical security certificate(s) to the Client directly. 2. Enclose a copy of the dematerialisation request generated from DPM system, duly signed & stamped by the Participant, alongwith the aforesaid letter to the Issuer. On receipt of copy of the letter from the Client, the Participant may also take up the matter with the concerned Issuer and/or its RTA for rejecting the

	instruction expeditiously. After the pending dematerialisation request(s) is/are rejected by the Issuer and/or its RTA, the Participant can close the account of such Client.
	Format Date To, Company Name and address Dear Sir/Madam, Sub.: Rejection of Demat Request (s) I/We had submitted securities of _____ (companyname) for dematerialisation under ISIN _____ through my Depository Participant _____ (name) (DP Id IN _____, Client Id _____). Details of my/our demat request(s) are as under:

Demat Request No. (DRN)	Demat Generation Date	Demat Request Form No.	Certificate No(s).	Distinctive Nos.	No. of Securities
				From	To	

| | The aforementioned demat request(s) is/are pending for disposal for a long time. As I/We wish to close the said account and hold the security(ies) in physical form, I/we request you to reject the said pending demat request(s) and send fresh security certificates directly to me/us under advise to my/our DP.

 Yours faithfully,

 1) _____, 2) _____, 3) _____

 Name(s) & Signature(s) of the account holder(s)

 CC:

 1.   DP Name & Address

 2.   Name & Address of Registrar & Transfer Agent - You are requested to reject the demat request(s) as stated above and send fresh security certificates directly to me/us underadvise to the DP. |

b. Transfer-cum-demat

Bye Law 9.2.13	**Bye Law 9.2.13 has been deleted w.e.f. February 27, 2004. Prior to deletion, Bye Law 9.2.13 read as under :**
	"If a Client is desirous of dematerialising the shares sent for transfer, then it may do so as per the provisions of the Guidelines for dematerialisation of shares sent for transfer issued by the Securities and Exchange Board of India and in the manner laid out in the Business Rules. In such a case, for the purpose of Bye Laws 9.2.2 and 9.2.3 above, in lieu of security certificates the letter issued by the Issuer or its Registrar & Transfer Agent in accordance with the said guidelines shall be submitted by the Client to the Participant for forwarding it to the Issuer or its Registrar & Transfer Agent."

Transfer-cum-demat - Withdrawal of Scheme	

Circular No. NSDL/PI/2004/0261 Date: February 11, 2004	All Participants are hereby informed that Securities and Exchange Board of India (SEBI) vide its circular no. SEBI/MRD/Cir-10/2004 dated February 10, 2004 (copy enclosed) has withdrawn transfer-cum-demat scheme. Accordingly, the Bye Laws and Business Rules of NSDL are being modified, which will be notified shortly.
	In view of the above, NSDL vide its Circular No. NSDL/JS/003/2004 dated February 11, 2004 has advised all the Issuers and their Registrar & Transfer Agents (RTA) that henceforth, they should not issue option letters to shareholders, as prescribed under the SEBI guidelines for dematerialisation of shares sent for transfer. All Participants are hereby advised that option letters already issued by the Issuers or their RTAs should be accepted and the dematerialisation requests be processed as per the existing guidelines.

Annexure-SEBI Directive on transfer-cum-demat

SECURITIES AND EXCHANGE BOARD OF INDIA

DEPUTY GENERAL MANAGER

Market Regulation Department
E-mail: sundaresanvs@sebi.gov.in

Tel : 2216 4465 Fax: 2216 4394

SEBI/MRD/Cir - 10/2004

February 10, 2004

The Managing Director
National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400013

The Executive Director
Central Depository Services(India) Ltd.
Phiroze Jeejeebhoy Towers, 27-28th Floor, Dalal Street
Mumbai - 400 023

Dear Sir/s,

Sub: Transfer-cum-demat scheme

1. SEBI had introduced compulsory dematerialized trading in select shares for all investors with effect from January, 1999. Thereafter, an increasing number of shares were added to this list at regular intervals. During this phase, the companies/transfer agents were under tremendous pressure on account of the large number of physical shares being received by them for transfer and/or demat. Moreover, transfer and demat were two separate processes and the investors were required to submit the transferred shares to the share transfer agent, through their DPs, for dematerialization. This entire process involved anywhere from 1-3 months and the investors could not sell the shares during this period.

2. Accordingly, the transfer-cum-demat scheme was introduced by the depositories to counter the problems faced by the investors in the transition phase of moving from physical to demat trading

mode, to decrease the time period involved in transfer and demat. However, as on date, a large number of stocks have already been dematerialized, almost 100% trading takes place in dematerialized form and hence, there is far less pressure on the companies/the share transfer agents.

3. In view of the above, it is felt that the facility of transfer-cum-demat is no longer relevant and can be withdrawn without causing any undue inconvenience and/or delays to the investors. It has accordingly been decided to withdraw the transfer-cum-demat scheme.

4. The depositories are accordingly advised to ;

4.1. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.

4.2. bring the provisions of this circular to the notice of the DPs of the Depository and also to disseminate the same on the website.

4.3. communicate to SEBI the status of the implementation.

5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

V S SUNDARESAN

c. Transposition-cum-demat

Bye Law 9.2.13.	If the names of the clients appearing on the security certificates match with the names in which the account has been opened but are in a different order, such securities can be dematerialized by following the procedure laid down in the Business Rules.
Rule 11.1.5	The Participant shall forward the DRF to the Issuer or its Registrar & Transfer Agent only after ascertaining that the number of certificates annexed with the DRF tallies with the number of certificates mentioned on the DRF. Provided further that in case of transposition/transmission and dematerialisation cases, the Participant shall also forward Annexure OA/OB as the case may be, alongwith the DRF to the Issuer or its Registrar & Transfer Agent.
Rule 11.1.13	The securities which have been dematerialised shall be credited to the accounts maintained by a Participant only when the pattern of holdings in the account of the Client matches with the pattern of holdings as per the security certificates. Provided however that in case where the names appearing on the certificates match with the names in which the account has been opened but are in a different order, the Client can get the security certificates dematerialised by submitting the security certificates alongwith the Transposition Form as per Annexure OA and the Dematerialisation Request Form (DRF) to the Participant. The explanation of such pattern of holding is given in Annexure F.

d. Transmission-cum-demat

Bye Law 9.2.14.	If a client is desirous of getting the name(s) of the deceased joint holder(s) removed from the security certificate(s) and get them dematerialised, it may do so by following the procedure laid down in the Business Rules.
Rule 11.1.5	The Participant shall forward the DRF to the Issuer or its Registrar & Transfer Agent only after ascertaining that the number of certificates annexed with the DRF tallies with the number of certificates mentioned on the DRF. Provided further that in case of transposition/transmission and dematerialisation cases, the Participant shall also forward Annexure OA/OB as the case may be, alongwith the DRF to the Issuer or its Registrar & Transfer Agent.
Rule 11.1.17	TRANSMISSION (NAME DELETION) AND DEMATERIALISATION OF SECURITIES In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the security certificate(s) and get them dematerialised by submitting the security certificates alongwith the Transmission Form as per Annexure OB and the Dematerialisation Request Form (DRF) to the Participant.

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NOTES

3. Instructions Processing

a. General

Section 7 (1)	Every depository shall, on receipt of intimation from a participant, register the transfer of a security in the name of the transferee.
Regulation 42 (2)	A participant shall register the transfer of securities to or from a beneficial owner's account only on receipt of instructions from the beneficial owner and thereafter confirm the same to the beneficial owner in a manner as specified by the depository in its bye-laws.
Regulation 42 (3)	Every entry in the beneficial owner's account shall be supported by electronic instructions or any other mode of instruction received from the beneficial owner in accordance with the agreement with the beneficial owner.
Bye Law 6.3.3	The Participant shall not give a debit or credit to the account of a Client without a due authorisation from Client.
Bye Law 9.6.1	The Participant shall not execute any debit or credit in the account of the Client without authorisation from such Client.
Clause 7 of NSDL - DP Agreement	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.
Clause 4 of DP-Client Agreement	The Depository Participant undertakes that a transfer to and from the accounts of the Client shall be made only on the basis of an order, instruction, direction or mandate duly authorized by the Client and that the Depository Participant shall maintain adequate audit trail of such authorization.
Rule 4.5.1	The forms laid down under these Business Rules shall be adhered to by the Participants at the time of operating the accounts of its Clients and giving effect to the transactions laid down under Chapter 9 of the Bye Laws and Chapter 11, 12 and 13 of this Business Rules. Provided however that to effect such transactions as may be specified by the Depository based on electronic instructions received from the Client, the Participant shall obtain the prior approval of the Depository. The Depository may grant such an approval to the Participant if; i) the Participant has adequate systems and security features in place to authenticate the Client and the Client to authenticate the Participant; ii) the Participant is able to conclusively prove the origin, destination, date and time of receipt or despatch of such electronic instructions received by it; iii) the Participant retains such electronic instructions in the format in which it was originally received or sent or in a format which can be demonstrated to represent accurately the information which was originally received or sent; iv) the instructions received remain accessible and usable for subsequent reference; and

	v) the Participant fulfills such other conditions as may be specified by the Depository.
	Provided further that the Participant may operate such accounts or effect such transactions by using any other form or manner of authorisation from the Client provided the same has been approved by the Executive Committee.
Rule 4.5.2	The Participant shall promptly inform the Clients in respect of those instructions which have not been executed.
Rule 6.1	The Participants shall execute transactions on behalf of its Clients only on authorisations from their Clients.
Rule 12.2.1	The Participant shall effect a debit or credit to the accounts of its Clients only on receipt of proper authorisation from the Clients in the forms laid out in Annexures L and M. Alternatively, a Client may give standing instructions to its Participant to credit its account.
Rule 12.2.2	The aforementioned forms submitted by the Clients and Clearing Members shall be checked by the Participant to ensure the completeness of the form and validity of the signature of the Client and the Clearing Member before the requests on these forms are executed.
Instructions – Time Stamping	
Circular No : NSDL/PI/98/519 Date : October 13, 1998	In view of the time-criticality of execution of clients' instructions, especially those relating to market trades, all Participants are advised that the delivery / receipt instruction forms submitted by the clients should be time-stamped. The time and date of receipt of the form should be put on both the portions of the form i.e., DP's copy & Client's copy which should be duly signed & stamped by the Participant
Instructions - Guidelines	
Circular No : NSDL/POLICY/ 2008/0079 Date : November 5, 2008	***Sub: Execution date of instructions falling on a Sunday or any other DM holiday***
	With reference to NSDL Circular No. NSDL/PI/2001/0812 dated June 11, 2001 Participants are advised to note that account transfer (debiting beneficiary or Clearing Member Pool accounts), pool to pool, inter-settlement, inter-depository and pledge related instructions that are verified/released in the DPM system with execution date falling on a Sunday or any other DM holiday will be executed on the next business day. In this regard, Participants are advised to note that such instructions should be received by NSDL and status of the instructions in the DPM System should be "Future dated Order received by NSDL" before EOD of:
	(i) Saturday if the execution date happens to be a Sunday,
	(ii) previous business day if the execution date happens to be a DM holiday.
	Participants are requested to note that delivery-out instructions should be received by NSDL before the pay-in deadline time. Further, Participants are once again advised to monitor the status of instructions executed in the DPM System and in case of any problem, report the same to NSDL Help Desk and obtain a token number for the call.
Circular No : NSDL/PI/2004/1911 Date : October 21, 2004	Attention of Participants is invited to Circular No. NSDL/PI/ 2003/0406 dated March 7, 2003 regarding implementation of T+2 rolling settlement and the time schedule for various activities. Participants have been requesting NSDL to clarify deadline time for executing non-pay in related instructions.

SEBI has clarified that Participants can decide their own time frame for submission of such instructions by their Clients (i.e. one or two days before the execution date). However, Participants should execute the instruction not later than one day from the date of submission of instruction by the Client. Further, if the date of submission and the execution date are same, Participants may execute such instructions on the same day on a "**best effort basis**". For example:

Date of submission	Execution Date	Date on which the Participant should execute the instruction
October 19, 2004	October 20, 2004	On or before October 20, 2004
October 19, 2004	October 22, 2004	On or before October 20, 2004
October 19, 2004	October 19, 2004	On October 19, 2004 on a "*best effort basis*"

Participants are advised to communicate this information to their Clients through regular communications / newsletters as well as put up this information on the notice board for information of all their Clients.

Circular No : NSDL/PI/2003/0406 Date : March 7, 2003	All Participants are hereby informed that Securities and Exchange Board of India (SEBI) vide its circular no. D&CC/FITTC/CIR-19/2003 dated March 4, 2003 has intimated its decision to shorten the existing T+3 rolling settlement to T+2 rolling settlement w.e.f. April 1, 2003. The time schedule prescribed by SEBI for implementation of T+2 rolling settlements, beginning from April 1, 2003, is as follows:

Sr.	Day	Time	Description of activity No.
1	T	Trade Day	
2	T+1	By 11:00 a.m.	Confirmation of all trades (including custodial trades). Facility of an exceptional window for late confirmations would be made available by the exchanges.
		By 1:30 p.m.	Processing and downloading of obligation files to brokers / custodians
3	T+2	By 11:00 a.m.	Pay-in of securities and funds
		By 1:30 p.m.	Pay-out of securities and funds

Participants are advised to take note of the above and ensure the following:

(1) Participants shall accept instructions from the Clients, in physical form upto 4 p.m. (in case of electronic instructions upto 6 p.m.) on T+1 for pay-in of securities, viz.; instructions to transfer securities from Client account to CM Pool account, Inter-Settlement Instructions, CM Pool to CM Pool account transfers and Delivery-Out Instructions, etc. For example, pay-in for trades executed on 'Monday' will be on Wednesday. Clients will have to submit instructions to their Participants upto 4 p.m. (in case of electronic instructions upto 6 p.m.) on Tuesday.

(2) Settlement instructions received from any Client beyond the aforementioned deadlines would be received by the Participants at

	Clients' risk and acknowledgment thereof should be issued by Participants to the Clients, with suitable remarks.
	(3) Participants should complete execution of pay-in instructions and ensure that they are in status "Accepted by NSDL" well before the pay-in deadline time of 10.30 a.m. on T+2. In this regard, attention of Participants is invited to our Circular No. NSDL/PI/2002/1004 dated June 22, 2002 regarding monitoring of messages and releasing of instructions.
	Further, Participants are advised to bring to the notice of their clients that all instructions submitted to the Participants must have an execution date. The execution date can be current date or future date. Instructions will be valid till the pay-in deadline or till 'end of day' (EOD) of the execution date, whichever is earlier. In case the account does not have sufficient balance before pay-in deadline or till EOD, such instructions will fail.SEBI has also intimated the following:
	(1) Depositories would download the processed pay-in files to the exchange / Clearing House / Clearing Corporation latest by 11:00 a.m. on T+2.
	(2) Pay-out of securities by the exchange / Clearing House / Clearing Corporation to the Depositories by 1:30 p.m. on T+2.
	(3) Pay-out of securities to be completed by the Depositories by 2:00 p.m. on T+2.
Circular No : NSDL/PI/99/199 Date: March 26, 1999	Attention of all Participants is invited to the following decisions taken in the SEBI meeting of the Working Group on Dematerialisation held on March 23, 1999 in order to streamline and smoothen the handling of settlement process:
	a. Participants shall instruct their non-institutional Clients (including Clearing Members) to send in their settlement instructions to reach the Participants' offices atleast 24 hours i.e. one working day prior to the pay-in date.
	b. The institutional Clients could send in their instructions to the Participants on the pay-in day not later than 10.30 a.m.
	c. Settlement instructions received from any Client beyond the aforementioned deadlines would be received by the Participants at Clients' risk and acknowledgment thereof should be issued by Participants to the Clients, with suitable remarks.
	d. The pay-in deadline for delivery of securities in respect of weekly settlements of NSE & BSE will be 3.00 p.m. on the pay-in day and an additional window will be provided for late pay-in till 6.00 p.m. on the same day with payment of late fees.
	With regard to (d) above, it has been decided that a late fee @ 0.25% of the value of securities delivered from the CM Accounts to the Clearing Corporation, subject to a maximum of Rs. 50,000/- per DP per settlement, shall be charged to the Participant. The late fee will be charged with effect from the weekly settlements of NSE and BSE falling due on or after April 12, 1999. The question of extending the similar procedure for weekly settlements of other exchanges as well as for rolling settlements is under consideration and Participants will be duly informed when the procedure is extended to other settlements.
	All Participants are hereby advised to adhere to the above instructions and inform their Clients accordingly. Participants are also advised to observe the

following operating guidelines for execution of settlement related instructions:

1. The instructions relating to settlements should be segregated for each stock exchange, market type and settlement number. This should include delivery-out instructions, Client to CM Pool Transfer instructions and inter-settlement instructions with the target settlement pertaining to which pay-in is due.

2. The execution of the transactions in DPM for each stock exchange, market type and settlement number should be prioritised in a logical manner. Transactions that have the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer instructions and inter-settlement instructions should be given priority over delivery-out instructions for that settlement.

3. Transactions that have the effect of crediting those Clients account from where the securities have to be moved to CM Pool Accounts for the target settlement should be executed well in advance. Acceptance and execution of such instructions at the last moment should not be entertained.

4. Participants should ensure that the transactions that have the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer instructions and inter-settlement instructions are in the status "Closed, Settled" atleast one hour before the NSDL Deadline time. In case the instructions are in any other status, Participants should report to NSDL Help-Desk immediately after following guidelines given below at nos. 6, 7 & 8.

5. Participants should ensure that the delivery-out instructions are in the status "Accepted by NSDL" at NSDL Deadline time. In case the instructions are in any other status, Participants should report to NSDL Help-Desk immediately after following guidelines given below at nos. 6, 7 & 8. (Also refer Circular No. NSDL/PI/98/353 dated August 6, 1998)

6. When the transactions are in the status "In Transit to NSDL" for a long time, the fact should be reported to NSDL Help-Desk immediately.

7. The Participant should continuously monitor that all the three services (communications, transmit & receive) are running. In case it is found that any of the services are stopped, the Participant should verify whether any errors are displayed on the server by pressing ALT+TAB and report the same to NSDL Help-Desk immediately.

8. A token number should be obtained for all calls logged-in at the Help-Desk.

9. In case the Participant has verified/released many future dated instructions or many accounts are opened after EOD or there are major pay-ins on the next day, the BOD of next business day should be received early (say at 7.30 a.m.) on such days in order to process all pending transactions.

10. Non-settlement related instructions like account opening, dematerialisation, rematerialisation, etc. should not be captured/ verified & released or exports should not be taken during settlement timings.

11. While importing-exporting transactions/data in the DPM, the following should be ensured:

	i. Imports-Exports should be done preferably after completion of EOD process. In case of emergencies, imports may be done during business hours. ii. Receive and transmit services should be manually stopped before import-export. It should be started again manually through GISMO after completion of the import-export. iii. It should be ensured through GISMO that no user is logged-in from any of the Client machines i.e., the DPM system should be on unimode basis at the time of taking any import-export. Facilities have been given to Participants to monitor successful execution of instructions and DPs must train their staff to monitor such execution.

Instructions - Guidelines for Participants having CM accounts

Circular No : NSDL/PI/2000/292 Date : March 10, 2000	In view of the release of DPM software version 2.6 which will be operational from March 13, 2000, all Participants having Clearing Member Accounts are requested to note and ensure the following for the purpose of monitoring Delivery Out Instructions : 1. On Verify/release the Delivery-out Instruction will go into the status *"In Transit to NSDL"* irrespective of sufficient balances available in the CM Pool Account. In case of insufficient balances, the status of the instruction will change to *"Overdue at DM"* and will remain in that status till such time the balance available in the CM Pool Account for the relevant settlement is less than the order quantity of the Delivery-Out Instruction. 2. On receipt of credit for the full order quantity in the CM Pool Account, the Delivery-Out Instruction is triggered and the status changes to *"Accepted by NSDL"*. 3. At NSDL Deadline time, if the balance in the CM Pool Account does not become equal to the order quantity, then such Delivery-Out Instruction which is in the status "Overdue at DM" will be executed partially to the extent of balance available in the CM Pool Account. The status of such Delivery-out Instruction will change to "*Partially Accepted by NSDL*". The partially executed quantity is displayed on the Delivery-Out Instruction screen separately against the field "Delivered Quantity". 4. Participants must monitor the status of such partially executed Delivery-Out Instructions at the NSDL Deadline time in the Delivery-Out Instruction screen by selecting the flag [ ] for the field "See only Partial Delivery-out Instructions" or by selecting the status "Partially Accepted by NSDL" and querying on the same. 5. At NSDL Deadline time if there is no balance in the CM Pool Account, then the Delivery-Out Instruction which is in the status "Overdue at DM" will fail with the status *"Closed, Failed during settlement"* with the reason *"Insufficient positions"*. 6. In case of those settlements where the facility of late pay-in window is provided, the Delivery-Out Instruction will be executed to the extent of balance available in the CM Pool Account at the first NSDL deadline time and the status of the same will be updated to *"Partially Accepted by NSDL"* or *"Accepted by NSDL"*. If no balance is available in the CM Pool account at the first NSDL deadline time, the Delivery-Out Instruction

	will continue to remain in status *"Overdue at DM"*. Participants must monitor such Delivery-Out Instructions which are still in status *"Overdue at DM"* at the NSDL Deadline time by selecting the status *"Overdue at DM"* and querying on the same.
	7. Such instructions in the status *"Overdue at DM"* or *"Partially Accepted by NSDL"* will remain in that status till the final NSDL deadline time waiting for sufficient balance . On receipt of credit for the full order quantity in the CM Pool Account in the late pay-in window, the Delivery-Out Instruction is triggered and the status changes to *"Accepted by NSDL"*.
	8. At the final NSDL deadline time, if there is still no balance in the CM Pool Account, then the Delivery-Out Instruction which is in the status *"Overdue at DM"* will fail with the status *"Closed, Failed during settlement"* with the reason *"Insufficient positions"*.
	9. Participants should ensure that the transactions that have the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer instructions, inter-settlement instructions and inter-depository instructions are in the status *"Closed, Settled"* atleast one hour before the NSDL Deadline time.
	10. Participants should ensure that the Delivery-Out Instructions are in the status *"Overdue at DM"* or *"Accepted by NSDL"* atleast 30 minutes before the NSDL Deadline time.
	11. Participants must ensure through GISMO panel that Communications to NSDL, NSDL Interface Transmit, NSDL Interface Receive as well as Ping to NSDL is functioning successfully when there are Delivery-Out Instructions in the status "In Transit to NSDL". If any of the above processes are stopped due to an error, Participants must report the same to the NSDL Help-Desk immediately. Whenever an error message is displayed on the DPM server do not click on the "OK" button of the error message. Participants must report the same to the NSDL Help-Desk immediately on direct telephone numbers 022-4976341, 4937026, 4945177 or on board nos. 4972964-70 at Extn. Nos. 4630-39. Also please note that the DPM system should not be switched off and back-ups should not be taken until all Delivery-out Instructions for the day's settlements become "Accepted by NSDL".
	12. A token number must be obtained by the Participants for all calls reported on NSDL Help-Desk.
	In addition to the above, it is reiterated that the operating guidelines for execution of settlement related instructions given in Circular No. NSDL/PI/ 99/199 dated March 26, 1999 (copy enclosed) must be strictly adhered to and ensure successful execution of instructions.
Circular No : NSDL/PI/99/745 Date: September 17, 1999	It is observed that some of the Participants do not adhere to the operating discipline relating to execution of settlement related instructions. Participants having Clearing Member Accounts have to ensure proper monitoring of the Delivery-Out Instructions especially those which are in the status of "Overdue" on account of partial or nil balances existing in the CM Pool accounts. In this context, all Participants are advised to note and ensure the following :

	1. Delivery-out Instruction remains in "Overdue" status till such time the balance available in the CM Pool Account for the relevant settlement is less than the order quantity of the Delivery-Out Instruction.
	2. On receipt of credit for the full order quantity in the CM Pool Account, the Delivery-Out Instruction is triggered and the status changes to "In transit to NSDL" and then to "Accepted by NSDL".
	3. If the balance in the CM Pool Account does not become equal to the order quantity by the NSDL Deadline time, then the Delivery-Out Instruction will be executed partially to the extent of balance available in the CM Pool Account. The status of the partially executed Delivery-out Instruction will change to "In transit to NSDL" only at the NSDL Deadline time and then to "Accepted by NSDL". The partially executed quantity is displayed on the Delivery-Out Instruction screen separately against the field "Delivered Quantity".
	4. Participants must monitor the status of such partially executed Delivery-Out Instructions at the NSDL Deadline time in the Delivery-Out Instruction screen by selecting the flag [4] for the field "See only Partial Delivery-out Instructions" and querying on the same.
	5. If there is no balance in the CM Pool Account at NSDL Deadline time, then the Delivery-Out Instruction which are in "Overdue" status will fail with the status "Closed, Failed during settlement" with the reason "Insufficient positions".
	6. Participants must ensure through GISMO panel that Communications to NSDL, NSDL Interface Transmit, NSDL Interface Receive as well as Ping to NSDL is functioning successfully especially at NSDL Deadline time when there are Delivery-Out Instructions in the "Overdue" status. If any of the above processes are stopped due to an error, Participants must report the same to the NSDL Help-Desk immediately. Whenever an error message is displayed on the DPM server do not click on the "OK" button of the error message. Also please note that the DPM system should not be switched off and back-ups should not be taken until all Delivery-out Instructions for the day's settlements become "Accepted by NSDL".
	7. If the "Overdue" Delivery-out Instructions do not become"Accepted by NSDL" within 15 minutes of NSDL Deadline time, Participants must report the same to the NSDL Help-Desk immediately on direct telephone numbers 022-4976341*, 4937026, 4945177 or on board nos. 4972964-70 at Extn. Nos. 4012, 4037, 4038 or 4516*.
	8. A token number must be obtained by the Participants for all calls reported on NSDL Help-Desk.
	In addition to the above, it is reiterated that the operating guidelines for execution of settlement related instructions given in Circular No. NSDL/PI/99/199 dated March 26, 1999 (copy enclosed) must be strictly adhered to and ensure successful execution of instructions.
Instructions - Acceptance deadline for Rolling Settlements	
Circular No : NSDL/PI/2002/2162 Date : December 17, 2002	All Participants are hereby advised that with effect from December 17, 2002, the NSDL deadline time for Pay-in of securities for various settlements of NSE has been changed to 10.30 a.m. as against the current deadline of 10.00 a.m.

	in respect of the following market types:
	1. Normal
	2. Auction Normal
	3. Bad Delivery
	4. Company Objection
	5. MFSS T+3
	Accordingly, the CC Calendar in the DPM system has been revised. With the above change, Participants can capture and verify/release instructions till the aforementioned deadline time. However, it is advisable that all instructions relating to Pay-in are executed in the DPM system atleast one day prior to the Pay-in day.
Circular No : NSDL/PI/2002/0583 Date : April 8, 2002	Participants are hereby advised that Securities and Exchange Board of India (SEBI) has issued a circular no. D&CC/FITTC/CIR-07/2002 dated April 8, 2002 stating that it has been decided that the Participant shall execute client's instructions received 24 hours before pay-in time of the respective Stock Exchanges. This means, the clients must submit the delivery instruction slips to the Participants atleast 24 hours before the pay-in time (NSDL deadline) as shown in DPM system. Any instructions received after such time may also be executed at the risk of the client. In this context, Participants are advised to ensure compliance with the requirements of time and date stamping of the delivery instruction forms submitted by their clients (ref.: Circular no. NSDL/PI/98/519 dated October 13, 1998). Participants are also advised to revise their deadlines prescribed to the clients for submission of delivery instructions in view the above instructions.
Circular No : NSDL/PI/2000/018 Date : January 7, 2000	As all Participants are aware, compulsory rolling settlements for the 10 scrips specified by SEBI are scheduled to commence with effect from January 10, 2000. In this context, your attention is invited to our Circular No. NSDL/PI/99/839 dated October 29, 1999 (copy enclosed) advising all Participants about the schedule for submission and execution of delivery instructions.

Participants are once again advised to inform their clients (including clearing members) to submit the delivery instructions atleast two days prior to the pay-in day. Further, all delivery instructions including Delivery-out must be executed in the DPM System by the Participants atleast one day prior to the pay-in day. |
| Circular No : NSDL/PI/99/839 Date: October 29, 1999 | The Sub Group of the SEBI Committee on Rolling Settlement has drawn out a schedule for the activities to be conducted/undertaken by stock exchanges, depositories, depository participants, trading members and clients. The extract of the same is enclosed for your information and necessary action. In this context, Participants are advised to inform their clients (including clearing members) that the delivery instructions for the rolling settlements must be submitted atleast two days (one day in case of auction) prior to the pay-in day. Participants are further advised that all the delivery instructions including Delivery-Out must be executed in the DPM system atleast one day prior to the pay-in day. |

Instructions - Procedure for Online Inter Depository Transfer of Securities	

Circular No : NSDL/PI/2002/2180 Date: December 19, 2002	Further to our Circular No. NSDL/PI/2002/2138 dated December 12, 2002, all Participants are hereby informed that henceforth the deadline timings for online inter depository transfer (OLIDT) instructions for Saturdays will be as under:

Sr. No.	Particulars	On Saturdays
1	Deadline time for Participants to verify & release IDT delivery/receipt instructions	2.30 p.m.
2	NSDL deadline time for receiving IDT delivery/receipt instructions from Participants	3.00 p.m.

Circular No : NSDL/PI/2002/2138 Date: December 12, 2002	Participants are aware that at present all Inter Depository Transfer (IDT) instructions received by NSDL are sent to the other depository (CDSL) in two batches, i.e. first batch at 10.00 a.m. and the second at 6.00 p.m. (on Saturday at 2.00 p.m.). All Participants are hereby informed that online transfer of inter depository instructions will commence from Saturday, December 14, 2002. In the online inter depository transfer (OLIDT) module, IDT instructions for the day will be exchanged online between depositories, thus the changes in statii from 'Accepted by NSDL' to 'Sent to Other Depository' to 'Closed, Settled'/'Closed, Rejected by Other Depository', may occur at shorter intervals. In this context, Participants are advised to note the following deadline timings:

Sr. No.	Particulars	On Week days	On Saturdays
1	Deadline time for Participants to verify & release IDT delivery/ receipt instructions	6.00 p.m.	2.00 p.m.
2	NSDL deadline time for receiving IDT delivery/receipt instructions from Participants	6.30 p.m.	2.30 p.m.

Participants should ensure that IDT instructions are verified & released well before the deadline so that the status of the instruction become 'Accepted by NSDL' at NSDL deadline time. However, future dated instructions can be verified & released without any time restriction as per the current practice.

Further, upon verify & release of IDT instruction, if the status does not change to 'Accepted by NSDL'/'Overdue at DM', Participants should report to NSDL Help Desk immediately after following the guidelines given vide our Circular No. NSDL/PI/2002/1004 dated June 22, 2002 for monitoring of messages. In case any IDT instruction is received by NSDL after NSDL deadline time, then the same will fail with the status 'Closed, Rejected by NSDL' with the reason 'NSDL deadline time has passed'.

	If CDSL rejects NSDL's inter depository debit instructions (IDDs) in case it receives IDD after the current business date, at present, the status changes from 'Accepted by NSDL' to 'Sent to Other Depository' and then to 'Closed, Rejected by Other Depository'. However, Participants should note that in OLIDT mode, the status of IDT instructions will change directly from 'Accepted by NSDL' to 'Closed, Rejected by Other Depository', under the aforesaid circumstances or if it receives the instruction after the deadline time.
	Participants should note the following addition to the static data for IDT rejection reason:
	Field Name: Rejection reason for Inter-depository Transfer - Code: 6090
	Description: CDSL-Deadline failed
	Participants are requested to note the above for effecting changes in the respect of the back-office batch interface with the DPM Application Software in respect of Changed orders for the day (COD) export file.
Precaution while processing DIS and Despatch of transaction statement	
Circular No : NSDL/PI/2005/2088 Date : October 28, 2005	It has been brought to NSDL's notice that a franchisee of a Participant has misused securities lying in the clients' accounts by debiting the accounts without proper authorisation from the account holders and not issuing proper Transaction Statements at stipulated intervals. In this background, in order to strengthen the checks and balances in the system, Participants are advised to follow the instructions given below:
	1. The functions of verification of Delivery Instruction Slip (DIS) serial numbers, signature(s) of authorised signatories and release of instructions should be carried out by the Participant itself and not left to the franchisee.
	2. Those Participants who are servicing their clients through the back office systems should have a mechanism in place whereby the balances as per back office system are reconciled on the daily basis with the DPM-DP system. The internal auditor of the Participant should state in its quarterly audit report whether such a mechanism exists and whether the auditor has found it to be satisfactory. The first such report should be filed with NSDL in the audit report for the quarter ending December 31, 2005.
	3. It is reiterated that the internal auditor should carry out a random check whether the Transaction Statements generated from the back office system are same as from the DPM-DP system and mention the results of such a check in every quarterly report.
	Participants are once again advised to ensure that Transaction Statements required to be given to the clients as per Business Rule 14.3.1 of NSDL, are dispatched <u>directly</u> to the addresses of clients as per records (e.g. account opening form) of the Participant and are not distributed through franchisees. (Circular No. NSDL/PI/99/823 dated October 20, 1999.)

Instructions - Serial number validation for Inter-depository instructions & NCFM certificates	
Circular No : NSDL/PI/2003/0356 Date: March 3, 2003	Attention of Participants is invited to Rule 18.1.1 (xiii) (Rule 18.1.1(13) w.e.f. April 1, 2003 notified vide our Circular No. NSDL/PI/2003/0321 dated February 25, 2003) of the Business Rules of NSDL regarding levy of penalty on account of no/inadequate control over issuance and/or acceptance of instruction slips. Participants are advised to note that slip number validation is also applicable for Inter-depository instructions and for any violation, penalty will be levied accordingly.
	Further, if the number of qualified persons does not equal the total number of service centres, penalty is levied as per Rule 18.1.1 (x) (Rule 18.1.1 (17) w.e.f. April 1, 2003 notified vide our Circular No. NSDL/PI/2003/0321 dated February 25, 2003). In this context, Participants are advised to maintain a list of NCFM qualified personnel and copies of certificates at the main office so as to enable NSDL officials visiting Participant's office, to verify the details.

b. Controls on DI forms

Rule 4.5.3	The Participant shall not accept any instruction for debit or pledge of securities from a Client unless the Participant has fully satisfied itself that the instruction has been given by the Client itself. In respect of instructions received in paper form, the Participant shall ensure that the Client submits the instructions only on an instruction form issued by the Participant to the Client by verifying the instruction forms with its records pertaining to serial numbers of instruction forms issued to the Clients.
Instructions - DI form - Serial number control	
Circular No : NSDL/PI/99/64 Date: January 25, 1999	It has been reported in certain sections of press that some Participants are not maintaining records of pre-printed serial numbers of the instruction forms (especially relating to debit instructions) issued to their Clients. As a result, there is inadequate internal control over processing of debit instructions. In this context, we would like to advise that NSDL is in the process of amending its Business Rules to require Participants to maintain such records and control. In the meanwhile, all Participants are advised to ensure that proper records relating to serial numbers of instruction forms issued to the Clients are maintained in their back-office in their own interest and in the interest of their Clients. Further, any instruction for debit of a Client account submitted on an instruction form other than the one issued to a Client should not be accepted unless the Participant has fully satisfied itself that the instruction has been given by the Client itself.
Instructions - SEBI's stipulated procedures for issuance and verification	
Circular No : NSDL/PI/2000/834 Date : June 2, 2000	Further to Circular Nos. NSDL/PI/2000/341 dated March 24, 2000 and NSDL/PI/2000/499 dated April 18, 2000 regarding records of serial numbers of delivery instruction forms issued to the clients, Participants are advised to follow the under-mentioned procedures stipulated by SEBI for issuance and verification of delivery instruction forms:
	1. Initial issuance of the delivery instruction forms will be with account opening in accordance with the procedures already set out. For further

	issuance of delivery instruction forms, the delivery instruction form book issued to the clients by Participants shall contain a requisition form for issue of another delivery instruction form book as in the case of a bank chequebook. Re-issuance of subsequent delivery instruction form books shall be on submission of the requisition slip contained in the delivery instruction form book.
	2. As already informed, all delivery instruction forms must bear a pre-printed unique identification number. Additionally, the back office system of Participants must record these unique numbers and run an automatic check while executing transactions based on such delivery instruction forms.
	3. Employees of Participants processing the delivery instruction forms shall put their signature on the delivery instruction forms indicating that they have verified the signature and the unique delivery instruction form number belonging to the specific client. There shall also be an indication of the value of the transactions contained in a single delivery instruction form on the system of Participants and in case the value of securities on the delivery instruction form amounts to Rs. Five lakh or more, it should be subject to a two step verification, especially for off market transactions.
SEBI circular on safeguards of the investors on transfer of securities	
Circular No : NSDL/POLICY/ 2008/0011 Date: February 29, 2008	*Sub : SEBI circular on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode.*
	Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ POLICY/2007/0011 dated February 15, 2007 informing about SEBI Circular No. SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007 regarding precautions to be taken by DPs regarding issuance and re-issuance of Delivery Instruction Slips (DIS). In this regard, SEBI has vide its circular no. SEBI/MRD/Dep/Cir-3/ 2008 dated February 28, 2008 (copy enclosed) informed NSDL that it has decided to do away with the limits mentioned under Para 2 (c) and (e) and thereby, the said provisions of the SEBI Circular No. SEBI/MRD/Dep/Cir-03/ 2007 dated February 13, 2007 stand withdrawn. Para 2 (c) and (e) of SEBI circular dated February 13, 2007 is reproduced for the information of DPs:
	"(c) The DPs shall issue only one DIS booklet containing not more than 20 slips for individual account holders and not more than 100 slips for non-individual account holders, at a time.
	(e) The DPs can issue subsequent DIS booklet to a BO only after the BO has used not less than 75% of the slips contained in the previous DIS booklet. The DP shall also ensure that a new DIS booklet is issued only on the strength of the DIS instruction request slip (contained in the previous booklet) duly complete in all respects, unless the request for fresh booklet is due to loss, etc., as referred to in clause (d) above."

CHIEF GENERAL MANAGER
MARKET REGULATION DEPARTMENT

SEBI/MRD/Dep/Cir- 3/2008
February 28, 2008

The Managing Director & CEO,
National Securities Depository Ltd.,
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400013

The Managing Director and CEO,
Central Depository Services (India) Ltd.,
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai – 400 023

Dear Sir(s),

Sub: Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode

1. Please refer to SEBI Circular No. SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007, on the captioned subject.

2. Subsequent to the issuance of the said circular, SEBI received representations from various quarters expressing the hardship caused due to the restrictive provisions of the SEBI circular. Majority of these representations related to the restriction on issue of not more than 20 slips per DIS booklet and issuance of subsequent DIS booklet to a BO only after the BO has used not less than 75% of the slips contained in the previous DIS booklet.

3. Upon consideration of the said representations and difficulties expressed by investors' associations in the meeting held on February 25, 2008, it has been decided to do away with the limits mentioned under Para 2 (c) and (e) and thereby, the said provisions of the SEBI Circular No.SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007, stand withdrawn.

4. The depositories are accordingly advised to:

    a. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be necessary/applicable.

    b. bring the provisions of this circular to the notice of the DPs of the Depository and to disseminate the same on their website as well as monitor compliance by DPs.

    c. communicate to SEBI the status of implementation of the provisions of this circular in the Monthly Development Report.

5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

S V MURALI DHAR RAO

Circular No : NSDL/POLICY/ 2007/0011 Date: February 15, 2007	*Sub : SEBI circular on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode*
	Attention of Participants is invited to NSDL Circular No. NSDL/PI/2004/1401 dated August 5, 2004 regarding the operating guidelines regarding issuance, re-issuance of Delivery Instruction Slips. Further NSDL had also issued circular providing details of the points to be covered in the internal audit report pertaining to audit of delivery instruction slips (Circular No. NSDL/POLICY/ 2006/0027 dated July 17, 2006)
	All Participants are hereby informed that SEBI has now vide its circular no. SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007 issued certain precautions to be taken by Participants pertaining to Delivery Instruction Slips, which are enclosed for guidance of the Participants. If the Participants wish to bring any practical difficulties in implementation to the notice of NSDL, they may do so by February 28, 2007.

Annexure

GENERAL MANAGER
MARKET REGULATION DEPARTMENT

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SEBI/MRD/Dep/Cir-03/2007
February 13, 2007

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The Chairman and Managing Director,   The Managing Director and CEO,
National Securities Depository Ltd.,   Central Depository Services (India) Ltd.,
Trade World, 4th Floor, Kamala Mills Compound, Phiroze Jeejeebhoy Towers,
Senapati Bapat Marg, Lower Parel,   17th Floor, Dalal Street,
Mumbai - 400013   Mumbai - 400 023

Dear Sir(s),

Sub: Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode

1. The concerns arising out of transfer of securities from the Beneficial Owner (BO) Accounts without proper authorization by the concerned investor have been brought to the notice of SEBI by some Investors' Associations. The issue was discussed by the Secondary Market Advisory Committee (SMAC) of SEBI.

2. Based on the recommendations of the SMAC and in consultation with the depositories, it has been decided to put in place the following safeguards to address the concerns of the investors on the captioned subject :

   a. The depositories shall give more emphasis on investor education particularly with regard to careful preservation of Delivery Instruction Slip (DIS) by the BOs. The Depositories may advise the BOs not to leave "blank or signed" DIS with the Depository Participants (DPs) or any other person/entity.

b. The DPs shall not accept pre-signed DIS with blank columns from the BO(s).

c. The DPs shall issue only one DIS booklet containing not more than 20 slips for individual account holders and not more than 100 slips for non-individual account holders, at a time.

d. If the DIS booklet is lost / stolen / not traceable by the BO, the same must be intimated to the DP immediately by the BO in writing. On receipt of such intimation, the DP shall cancel the unused DIS of the said booklet.

e. The DPs can issue subsequent DIS booklet to a BO only after the BO has used not less than 75% of the slips contained in the previous DIS booklet. The DP shall also ensure that a new DIS booklet is issued only on the strength of the DIS instruction request slip (contained in the previous booklet) duly complete in all respects, unless the request for fresh booklet is due to loss, etc., as referred to in clause (d) above.

f. The DPs shall not issue more than 10 loose DIS to one accountholder in a financial year (April to March). The loose DIS can be issued only if the BO(s) come in person and sign the loose DIS in the presence of an authorised DP official.

g. The DPs shall put in place appropriate checks and balances with regard to verification of signatures of the BOs while processing the DIS.

h. The DPs shall cross check with the BOs under exceptional circumstances before acting upon the DIS.

i. The DPs shall mandatorily verify with a BO before acting upon the DIS, in case of an account which remained inactive i.e., where no debit transaction had taken place for a continuous period of 6 months, whenever all the ISIN balances in that account (irrespective of the number of ISINs) are transferred at a time. However, in case of active accounts, such verification may be made mandatory only if the BO account has 5 or more ISINs and all such ISIN balances are transferred at a time. The authorized official of the DP verifying such transactions with the BO, shall record the details of the process, date, time, etc., of the verification on the instruction slip under his signature.

3. The depositories are accordingly advised to:

a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be necessary/applicable.

b. bring the provisions of this circular to the notice of the DPs of the Depository and to disseminate the same on their website as well as monitor compliance by DPs.

c. communicate to SEBI the status of implementation of the provisions of this circular in the Monthly Development Report.

4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities market.

Yours faithfully,

V S SUNDARESAN

Operating guidelines regarding issuance, re-issuance of Delivery Instruction Slips

Circular No : NSDL/PI/2004/1401 Date: August 5,2004	Attention of Participants is invited to the circulars issued from time to time, advising Participants to follow certain procedures stipulated by SEBI with regard to issuance and verification of Delivery Instruction Slips and Inter-depository delivery instruction slips (DIS). Participants were advised that the DIS should bear pre-printed unique identification number (serial number), pre-stamped Client Id and the DIS book should contain a Requisition form for further issuance of a DIS book (as in the case of bank cheque-book).

With a view to have better control over issuance and tracking/monitoring the usage of DIS, the guidelines issued by SEBI/NSDL from time to time have been consolidated and certain additional guidelines have been prescribed hereunder. Participants should note that these guidelines are not exhaustive and they may develop their own additional checks and controls keeping in view number of branches, persons managing the branches (franchisee or employee), type of connectivity with branches, number of clients and value of instructions etc.

I. Issuance of DIS Books:

1. All DISs must bear pre-stamped Client Id and pre-printed unique serial numbers. Participants may consider printing the name(s) of account holder(s) as well, on the DISs and Requisition forms.

2. DISs issued to joint account holders and accounts operated by POA may be distinguished either by different colour stationery or by any other method.

3. All DIS books must contain a Requisition form that should bear pre-stamped Client Id and a provision to attest the signature of the person whom the account holder wishes to authorise to collect the book on his/her behalf.

4. Re-issuance of DIS book should strictly be on receipt of Requisition form duly signed by all account holder(s). In case a Client reports that the Requisition form has been lost/misplaced/stolen, the Client should make a written request on a plain paper signed by all the account holders(s) and submit the latest transaction statement, for issuance of DIS book.

5. In case a request for issuance of DIS book is received through post/courier immediately (i.e. within 30 days) after change in the address, Participant should obtain an independent confirmation (by way of letter/e-mail/telephonic) from the Client(s) in this regard, before issuing the DIS book.

6. A "**DIS Issuance Register**" should be maintained, which should have details such as Client's name, Client Id, serial numbers of DIS (start and end), date of issue and mode of issue. In case the DIS book is delivered by hand, name of the person to whom DIS book

is handed-over (address as well as contact telephone number(s) in case of authorised person) alongwith his/her signature should be obtained on the DIS Issuance Register.

7. The inside back cover of the DIS book should be printed with information as intimated vide our Circular No. NSDL/PI/2004/1286 dated July 19, 2004.

8. As regards the mode of providing DIS book, Participants are advised as follows:

Particulars	Action
When a Client's request for DIS book is received through post/courier.	Send DIS book through registered post/courier, to the address of the account holder(s) after duly verifying the signature(s) of the Client(s).
When a Client comes in person and submits the Requisition form for re-issuance of DIS book.	Hand-over DIS book to the Client, only after satisfying about the identity of the Client.
When a Client authorises someone else to collect DIS book.	Hand-over the DIS book to the authorised person, only after establishing the identity of the authorised person (as prescribed vide circular no. NSDL/PI/2000/1394 dated August 09, 2000 or by obtaining any other identity proof to the satisfaction of the Participant). However, in case the Participant is not in a position to establish the identity of the authorised person, DIS book should be sent through registered post/courier, to the address of the account holder(s).
In case a Client reports that the Requisition form has been lost/misplaced/stolen.	Send DIS book through registered post/courier, to the address of the account holder(s) registered with the Participant. However, in case the Client or its authorised person comes in person to collect the DIS book, it may be handed-over only after the identity of the person is established as mentioned above.

II. **Loose - leaf DIS:**

In case a Client wishes to submit an instruction but does not have the DIS issued to him, the Participants are advised as follows:

(a) The Client visits the Participant's office in person;

(b) Participant satisfies itself about the identity of the Client and issues DIS;

(c) The Client produces the latest transaction statement issued to him/her while presenting DIS; and

(d) The Client signs the DIS in the presence of Participant's officials.

Participants must ensure that the DIS issued to the Client also bears pre-printed serial numbers, which should be from a different series, and a record thereof is maintained by the Participant in a "**Loose-leaf DIS Register**". The Loose-leaf DIS Register should contain Client's name, Client Id, serial number of loose-leaf DIS, date of issue and his/her signature.

In addition to the existing process of verification , another employee of Participant should also verify the signature(s) separately.

III. **Processing of DIS:**

(i) Automated back office systems:

(a) Participants must record the serial numbers and run an automatic check while executing transactions based on DISs.

(b) Ensure that the system has in-built controls for matching of serial numbers with the respective Client Ids and that the system blocks the DISs that have been used.

(c) In case any Client reports that DIS(s) has/have been lost/ misplaced/stolen or the account is closed, unused serial number(s) should be permanently blocked.

(d) In case any DIS is presented for execution that has already been used or is part of the series of DISs which have been reported as lost/misplaced/stolen then the system should give automatic alert, in which case, Participant should contact the Client(s) immediately.

(ii) Manual controls:

(a) Participants must ensure that a "**DIS Control Register**" is maintained for recording details of serial numbers and Client Ids with whom the serial numbers are associated. Participants should verify the same at the time of receipt of DIS and make a remark that it has been used.

(b) In case a Client reports that DIS is lost/misplaced/stolen or the account is closed, the same should be cancelled in the DIS Control Register.

(c) In case any DIS is presented for execution that has already been used or is part of the series of DISs which have been reported as lost/misplaced/stolen then there should be a mechanism to raise an alert, in which case, Participant should contact the Client(s) immediately.

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(iii) Employees of Participants processing DISs should put their signatures on the DISs indicating that they have verified the signature and the unique identification number (serial number) belongs to that Client. In case of manual controls, employees of Participants, before signing on the DIS, should also ensure that the DIS bearing unique number belongs to that Client himself/ herself.

(iv) There shall also be an indication of the value of the transactions contained in a single delivery instruction form on the system of Participants and in case the value of securities on the delivery instruction form amounts to Rs. Five lakh or more, it should be subject to a twostep verification, especially for off market transactions.

(v) In case a DIS is received from a dormant account (i.e. where no transaction has taken place for a period of 12 months or any other lesser time period as may be decided by the Participant), in addition to the existing process of verification, another employee of the Participant should also verify the instruction. The Participant may also obtain an independent confirmation from the Client in this regard.

Participants are advised that the aforementioned guidelines shall come into effect immediately. However, in case Participants have unutilised printed DIS books, they can use the same till December 31, 2004 and whenever Participants reprint DIS book, they should meet all the guidelines as mentioned above. Further, in case Participants need to modify their back-office for making provisions in respect of additional procedure pertaining to controls while processing DIS, the same should be done before September 30, 2004.

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Instructions - Revised DI forms

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Circular No. NSDL/POLICY/ 2008/0062
Date: September 12, 2008

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Sub: Usage of existing Delivery Instruction Slip (DIS)

Attention of Depository Participants (DPs) is invited to NSDL Circular Nos. NSDL/POLICY/2007/0069, NSDL/POLICY/2007/0070 and NSDL/POLICY/2007/ 0071 dated November 12, 2007 and NSDL/POLICY/2008/0019 dated March 26, 2008 regarding modification of Account Opening Form (AOF) & DIS.

As all DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 had informed the DPs to use the existing AOF and DIS till March 31, 2008 or till such time the existing AOFs and DIS are exhausted, whichever is earlier. As an interim measure, DPs were advised to accept the existing AOF and DIS for opening new accounts and executing transactions respectively, alongwith the 'Additional Details', in a prescribed format, on a plain paper, duly signed by the applicant(s)/Clients.

In this regard, DPs had represented to NSDL with a request to extend the aforesaid deadline of March 31, 2008, citing a few practical difficulties. In light of the representations, all DPs were informed vide NSDL Circular No. NSDL/POLICY/2008/0019 dated March 26, 2008 that the deadline for usage

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of the existing AOFs / DIS is extended till **September 30, 2008 or till such time the existing AOF / DIS are exhausted, whichever is earlier.**

With reference to the above extension of deadline DPs have once again represented to NSDL for usage of old DIS slips till such time the existing DIS are not exhausted providing the below mentioned reasons:

1) Informing and educating customers regarding usage of fresh booklets in lieu of old booklets will take a long time and rejection of old DIS in the meantime from clients may cause auctions (financial loss) to investors and additional avoidable investor grievances.

2) Existing stock of DIS are yet to be exhausted and hence printing of revised DIS will be a financial burden on the DPs.

3) The process of dispatching of the revised DIS in lieu of the existing DIS (which are lying with the Clients) would put the DPs and the Clients into hardship. The process would also increase the overheads (cost, man hours etc) of the DPs.

In light of the above representations, all DPs are hereby informed that they may use the existing DIS till **such time the stock of the existing DIS are exhausted.** During this interim period, DPs are advised to follow the procedure mentioned in Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 regarding obtaining of 'Additional Details' alongwith the DIS.

DPs would be required to print and distribute the revised DIS in the format mentioned in NSDL Circular No. NSDL/POLICY/2007/0069 dated November 12, 2007 after the stock of the existing DIS are exhausted.

For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email: shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email: vinithn@nsdl.co.in).

Circular No. NSDL/POLICY/ 2008/0019 Date: March 26, 2008	*Sub: Extension of deadline for usage of existing Account Opening Form (AOF) & Delivery Instruction Slip (DIS)* Attention of Depository Participants (DPs) is invited to NSDL Circular Nos. NSDL/POLICY/2007/0069 / 0070 and 0071 dated November 12, 2007 regarding Modification of AOF & DIS under the advise of Financial Intelligence Unit-India (FIU-IND). As all DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 had informed the DPs to use the existing AOF and DIS till March 31, 2008 or till such time the existing AOFs and DIS are exhausted, whichever is earlier. As an interim measure, DPs were advised to accept the existing AOF and DIS for opening new accounts and executing transactions respectively, alongwith the 'Additional Details', in a prescribed format, on a plain paper, duly signed by the applicant(s)/Clients. In this regard, DPs have represented to NSDL with a request to extend the aforesaid deadline of March 31, 2008, citing a few practical difficulties as mentioned below:

	1) Existing stock of AOF / DIS are yet to be exhausted and hence printing of revised AOF / DIS will be a financial burden on the DPs.
	2) The process of dispatching of the revised DIS in lieu of the existing DIS (which are lying with the Clients) would put the DPs and the Clients into hardship. The process would also increase the overheads (cost, man hours etc) of the DPs.
	In light of the above representations, all DPs are hereby informed that the deadline for usage of the existing AOFs / DIS is extended till September 30, 2008 or till such time the existing AOF / DIS are exhausted, whichever is earlier. During this interim period, DPs are advised to follow the procedure mentioned in the aforesaid Circular No. NSDL/POLICY/2007/0071 dated November 12, 2007 regarding obtaining of 'Additional Details' alongwith the AOF / DIS.
	In case the stock of the existing AOF / DIS are exhausted before, September 30, 2008, DPs would be required to print and distribute the revised AOF and DIS in the format mentioned in NSDL Circular No. NSDL/POLICY/2007/0069 dated November 12, 2007.
	For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email: shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email: vinithn@nsdl.co.in).
Circular No. NSDL/POLICY/ 2007/0071 Date: November 12, 2007	*Sub: Modification of Account Opening Form & Delivery Instruction Slip) - Incorporation as per Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA) guidelines.*
	Attention of Depository Participants (DPs) is invited to Circular no. NSDL/ POLICY/2007/0070 dated November 12 2007 regarding *Submission of information to Financial Intelligence Unit-India under Prevention of Money Laundering Act, 2002.*
	As mentioned in our aforesaid Circular dated November 12, 2007, FIU-IND has advised both the depositories:
	1. To incorporate the 'Financial status' and 'Nature of Business' of Client in the Account Opening Form (AOF).
	2. To incorporate 'Consideration' and 'Reasons/Purpose' in Delivery Instruction Slip (DIS) used for Off-market transactions.
	Accordingly, NSDL has incorporated the aforesaid details in the AOFs **(i.e. Annexure 'J' & Annexure 'K')** for individuals as well as for corporates & DIS **(i.e. Annexure 'L', Annexure 'N' & Annexure 'NA')** in the Business Rules of NSDL, which was intimated vide our Circular No.NSDL/POLICY/2007/0069 dated November 12, 2007.
	The DPs will be allowed to use old AOFs & DIS till **March 31, 2008** or till such time the old AOFs & DIS are exhausted, whichever is earlier. In the interim, DPs should ensure that at the time of accepting existing AOF & DIS, for new

account opening or for executing the transactions respectively, obtain the additional details as prescribed in the new / revised AOF & DIS on a plain paper duly signed by the applicant(s) **(format enclosed).**

Further, DPs should obtain the additional details as prescribed in the revised AOF for existing accounts whenever any existing account is identified in the alerts generated by NSDL or by DPs under the PMLA as specified by FIU-IND.

For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email : shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email : vinithn@nsdl.co.in).

For Individuals Only (ANNEXURE J)

Type of Account

| ☐ Ordinary Resident | ☐ NRI-Repatriable | ☐ Margin | ☐ Promoter |
| ☐ HUF | ☐ NRI-Non-Repatriable | ☐ Others (please specify) | |

Additional Financial Details

Financial Status (Annual Income)	☐ < Rs.5 Lakh ☐ Rs.5 - 10 Lakh ☐ Rs.10 - 15 Lakh ☐ > Rs.15 Lakh
Nature of Business	

For Corporates /Clearing Members only (ANNEXURE K)

Additional Financial Details

Financial Status	
Nature of Business	

For Delivery Instructions by Clients (ANNEXURE L)

For Off-Market Trades (Receiver Details)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*)	Consideration, if any

(*) - Like Gift, Donation, etc.

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*) (#)	Consideration (*)

For Inter-Depository Delivery Instructions (ANNEXURE N)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*) (#)	Consideration (*)

1. (*) - This Information is required only if Source Client Id is a Beneficiary Owner.
2. (#) - Like Gift, Donation, etc.

For Inter-Depository Receipt Instructions (ANNEXURE NA)

Sr. No.	Instruction No. (To be filled by DP)	Reason / Purpose (*) (#)	Consideration (*)

1. (*) - This Information is required only if Source Client Id is a Beneficiary Owner.
2. (#) - Like Gift, Donation, etc.

Circular No : NSDL/PI/2002/1885 Date : October 30, 2002	Attention of Participants is invited to our Circular No. NSDL/PI/2002/1132 dated July 13, 2002 regarding amendment of Annexure L of the Business Rules of NSDL pertaining to Delivery instructions by Clients. Participants were also advised that Annexure L in the old format will also be valid and Participants should continue to accept the same from the Clients. However, whenever Participants reprint Annexure L, the same should be in the amended format. In this context, many Participants have been requesting NSDL to allow them to use the old format of Annexure L as well. In view of the aforesaid, it is hereby informed that Participants can use either the old format or the new format of Annexure L.
Circular No : NSDL/PI/2002/1132 Date: July 13, 2002	NSDL has been receiving requests from Participants regarding modification of Annexure L so as to enable the Clients to give delivery instructions in favour of multiple target Client Ids/CM-BP-Ids. Accordingly, Annexure L of the Business Rules of NSDL, pertaining to Delivery Instructions by Clients has been amended. In this regard, Participants are requested to note that Annexure L in the existing format is also valid and Participants should continue to accept the same from the Clients. However, whenever Participants reprint Annexure L (Delivery Instructions by Clients), the same should be in the amended format.

SEBI directive on printing the Grievances Redressal Mechanism on Delivery Instruction Form Book	
Circular No : NSDL/PI/2004/1286 Date : July 19,2004	All Participants are hereby informed that Securities and Exchange Board of India (SEBI) vide its circular no. SEBI/MRD/DOP/Cir-22/2004 dated July 13, 2004 (copy enclosed) has intimated to NSDL that w.e.f. October 1, 2004 the information placed at annexure 'A' of the aforesaid circular should be printed on the inside back cover of the Delivery Instruction Form (DIF) Book issued by all Participants. However, in case where DIF Books have already been printed but are yet to be issued to the Clients, the Participants shall at the time of issuance of such books to the Clients, provide a printed copy of the aforesaid information along with the DIF Book. Participants are advised to ensure compliance of the above.

Annexure

SEBI/MRD/DOP/Cir-22/2004
July 13, 2004

The Managing Director,   The Executive Director,
National Securities Depository Ltd.,   Central Depository Services(India) Ltd.,
Trade World, 4th Floor,   Phiroze Jeejeebhoy Towers,
Kamala Mills Compound,   27-28th Floor, Dalal Street,
Senapati Bapat Marg, Lower Parel,   Mumbai - 400 023
Mumbai - 400013

Dear Sir,

Sub: Printing of Grievances Redressal Mechanism on Delivery Instruction Form Book

1. As per Section 11(2) (f) of the Securities and Exchange Board of India Act, 1992, SEBI is empowered to undertake such measures as it deems fit to promote investors' education. One of the measures undertaken to promote investors' education has been the dissemination of vital information regarding the mechanism for redressing Investors' Grievances.

2. Hence, it has been decided that with effect from October 1, 2004, the information placed at annexure 'A' shall be printed on the inside back cover of the Delivery Instruction Form (DIF) Book issued by all Depository Participants.

3. However, in those cases where DIF Books have already been printed but are yet to be issued to the beneficiary owners, the Depository Participants shall at the time of issuance of such books to the beneficiary owners, provide a printed copy of the aforesaid information along with the DIF Book.

4. The depositories are accordingly advised to ;
   1. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be necessary/applicable.
   2. bring the provisions of this circular to the notice of the DPs of the Depository and to disseminate the same on their website.
   3. communicate to SEBI the status of implementation of the provisions of this circular.

5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

V S SUNDARESAN

Annexure A

There will be occasions when you have grievances against a listed company/ intermediary registered with SEBI. **In the event of such grievance you should first approach the concerned company/ intermediary against whom you have a grievance.** However, you may not be satisfied with their response.

Therefore you should know whom you should turn to get your grievance redressed. SEBI takes up grievances related to issue and transfer of securities and non-payment of dividend with listed Companies. In addition, SEBI also takes up grievances against the various intermediaries registered with it and related issues. Given below are types of grievances for which you could approach SEBI.

Nature of grievance - Regarding	
Type-I: Refund order/Allotment Advice	**Type-II:** Non-receipt of dividend.
Type-III: Non-receipt of share certificates after transfer	**Type-IV:** Debentures
Type-V: Non-receipt of letter of offer for rights	**Type VI:** Collective Investment Schemes
Type VII: Mutual Funds/Venture Capital Funds/ Foreign Venture Capital Investors/ Foreign Institutional Investors/Portfolio Managers, Custodians	**Type VIII:** Brokers/Debenture Trustees /Depository Participants/ Merchant Bankers / Registrars and Transfer Agents / Bankers to Issue/ Underwriters/ Credit Rating Agencies/ Securities lending Intermediaries
Type IX: Exchanges/Clearing and Settlement Organizations/ Depositories	**Type X:** Derivative Trading

Type XI: Buyback /Delisting /Substantial Acquisition / Takeovers /Corporate Governance /Corporate Restructuring /Compliance with Listing Conditions

For faster action send Type I to Type XI complaints, to the OIAE Division of SEBI at Mumbai or Regional Offices at the following addresses:

Address of SEBI Offices
SEBI, Head Office, Mittal Court, A Wing, Ist Floor 224 Nariman Point, Mumbai - 400 021. **Tel:** 022-22880962-70, 22850451-56 **Email:** iggc@sebi.gov.in
SEBI, OIAE, 4th floor, Exchange Plaza, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 **Tel:** 022-26598510-13, 26598509 **Email:** iggc@sebi.gov.in
SEBI, Northern Regional Office, Block No. 1, Rajendra Bhawan, Rajendra Place Dist. Centre, New Delhi-110 008 **Tel:** 011-25788658/7538, 25768991 **Email:** sebinro@sebi.gov.in
SEBI, Eastern Regional Office, L&T Chambers, 3rd Floor, 16, Camac Street, Kolkata - 700 016 **Tel:** 033-22801219/1220/1614, 22402435/ 22816768 **Email:** sebiero@sebi.gov.in
SEBI, Southern Regional Office, 3rd Floor, D Monte Bldg, No. 32, D' Monte Colony, TTK Road, Alwarpet, Chennai 600 018 **Tel:** 044-24995676/5525/7385/7480 **Email:** sebisro@sebi.gov.in

The following types of grievances should be taken up with:	
With the Stock Exchange: At the Investor Information Centre of all the recognised Stock Exchanges	
Type IX: Exchanges/Clearing and Settlement	**Type X:** Derivative Trading
• Related to securities traded/listed with the exchanges	• Trades effected on the exchange w.r.t the companies listed on it or by the members of exchange

With the Department Of Company Affairs (DCA/ concerned Registrar of Companies (ROC)	
• Against unlisted companies • For non-receipt of annual report, AGM Notice	• Fixed deposit in manufacturing companies • Forfeiture of shares
With the Reserve Bank of India	
• Fixed deposits in Banks	• Fixed deposits in Non Banking Finance Companies
For more information visit our website - http\\:investor.sebi.gov.in	

c. Bulk Instructions

Instructions - Facility for bulk instructions by Power of Attorney holder	
Circular No : NSDL/POLICY/ 2008/0004 Date: January 24, 2008	**Sub: Facility for submitting consolidated delivery instruction slips accompanied by computer print-outs by Power of Attorney holder on behalf of its Clients** As all Depository Participants (DP) are aware, DPs can accept delivery instructions accompanied by computer print-outs submitted by Clearing Members, Clients as well as where Clients have given Power of Attorney (POA) in favour of the DP (Refer Circular Nos. NSDL/PI/99/572, NSDL/PI/2003/0852 and NSDL/PI/2000/1953 dated July 21, 1999, May 26, 2003 and October 19, 2000 respectively). DPs have now represented to NSDL to allow them to accept a consolidated delivery instruction slip (DIS) accompanied by computer print-outs, submitted by POA holders on behalf of their Clients (Beneficial Owners). In light of the representation, it has been decided that DPs may accept delivery instructions (Annexure L, Annexure LA and Annexure N) accompanied by computer print-outs from the POA holder, subject to the following conditions: 1) A suitable mechanism should be implemented in the back-office system of the DP to identify such Clients. In the absence of back-office system, DP should maintain a separate DIS register (in physical or electronic mode as the DP may deem fit) containing the details of such Clients and POA holder. 2) The DIS must bear separate series of pre-printed serial numbers and distinguished by different colour or by any other method. DPs may consider printing / stamping the name of the POA holder on the DIS and requisition form. 3) The computer print-outs must contain all the details as specified in Annexure L, LA and N of Business Rules and accompanied by a single DIS (Annexure L, LA and N) as applicable. Further, the source Client ID should be mentioned against each instruction in the computer print-out. 4) Words "Details as per _____ (total) number of pages attached" should be written on DIS. 5) The pre-printed serial number of the DIS should be mentioned on every page of the computer printout. 6) Every page of the computer printout including DIS should be signed by the POA holder. 7) All relevant clauses mentioned in NSDL Circular No. NSDL/PI/2004/1401 dated August 5, 2004 with respect to issuance, re-issuance, processing

and verification of DIS in respect of Clients would also be applicable for POA holders.

8) If DPs wish to accept delivery instructions in an electronic form by following the guidelines laid down in NSDL Circular No. NSDL/POLICY/2008/0002 dated January 11, 2008, in such a situation, submission of physical consolidated DIS by the POA holder, as mentioned above, may not be applicable provided DPs obtain prior approval of NSDL as stated in the said circular.

In this context, DPs would be required to ensure compliance with the following circulars :

(a) Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007 (point no. III (4) on procedure regarding operation of account through POA).

(b) Circular Nos. NSDL/POLICY/2007/0069 & 72 dated November 12 and 23, 2007 regarding amendments to Business Rules wherein new formats of Annexure L, N and LA respectively were enclosed with these circulars.

(c) NSDL/POLICY/2007/0011 dated February 15, 2007 regarding SEBI circular on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode will also be applicable for POA holders.

DPs will be responsible for ensuring compliance with the provisions of Depositories Act, SEBI (Depositories and Participants) Regulations, 1996, The Prevention of Money Laundering Act, 2002, Bye Laws and Business Rules of NSDL, as well as any other circulars / guidelines issued by NSDL from time to time, in this regard.

For further information, DPs are requested to contact Mr. Narayan Venkat on Tel. No. (022) 2499 4479 (email : narayanv@nsdl.co.in).

Note for DPs

All DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2007/0048 dated August 14, 2007 had informed DPs that Income Tax Department has authorized NSDL to provide an internet based service to the eligible entities (which include DPs) for verification of PAN details. The PAN details made available through this facility are as per the ITD database. DPs can also verify the PAN details of the demat account holder(s) by subscribing to the internet based service of NSDL. The internet based service of NSDL for verifying PAN details offers three modes :

(1) Screen based verification
(2) File based verification
(3) Software (API) based Verification

For further information on charges and procedure for registration, DPs can visit the TIN website of NSDL at http://www.tin-nsdl.com and click on 'Online PAN verification launched' or contact Mr.Ashish Verma (email id ashishv@nsdl.co.in) on Tel. No. (022) 2499 4216 / Mr.Ganeshan Venkatraman on Tel No. (022) 2499 4316 (email ganeshanv@nsdl.co.in) .

Instructions - Facility for bulk instructions by Clearing Members	
Circular No : NSDL/PI/99/572 Date: July 21, 1999	All Participants are hereby informed that they can accept the following delivery instruction forms viz; "Delivery Instructions By Clearing Members For Pay-In" (Annexure-S), "Delivery Instructions By Clearing Members On Pay-Out"

	(Annexure-T) and "Inter-Settlement Instructions" (Anexure-SS) accompanied by computer printouts of the instruction details, subject to the following conditions: 1. The computer printout (enclosure) should contain all the details as specified in the delivery instruction form. 2. Words "Details as per _____ (total) number of pages attached" should be written on the delivery instruction form. 3. The pre-printed serial number of the delivery instruction form should be mentioned on every page of the enclosure. 4. Every page of the enclosure and the delivery instruction form should be signed and stamped by the authorized signatory(s).
Instructions - Facility for bulk instructions by clients	
Circular No : NSDL/PI/2003/0852 Date : May 26, 2003	Attention of Participants is invited to our Circular No. NSDL/PI/99/572 dated July 21, 1999 regarding acceptance of certain types of settlement related instructions given by Clearing Members, accompanied by computer printouts of instruction details. Similar procedure was prescribed vide our Circular No. NSDL/PI/2000/500 dated April 18, 2000 in respect of Delivery Instructions by Clients. NSDL has been receiving requests from Participants to extend the aforesaid facility for accepting other types of instructions from their Clients. In view of the aforesaid, Participants are hereby informed that the procedure prescribed vide our aforementioned circulars can be followed while accepting the following types of instructions from their Clients: • Pledge/Hypothecation • Inter-Depository Transfers • CM Pool to CM Pool transfers by Clearing Members • Securities Lending and Borrowing It may be mentioned that annexure attached to the instruction form may contain multiple target Client Ids with corresponding details.
Circular No : NSDL/PI/2000/500 Date : April 18, 2000	All Participants are hereby informed that they can accept the "Delivery Instructions By Clients" (Annexure-L) accompanied by computer printouts of the instruction details, subject to the following conditions: 1. The computer printout (enclosure) should contain all the details as specified in the delivery instruction form. 2. Words "Details as per _____ (total) number of pages attached" should be written on the delivery instruction form. 3. The pre-printed serial number of the delivery instruction form should be mentioned on every page of the enclosure. 4. Every page of the enclosure and the delivery instruction form should be signed by all the account holder(s)/authorised signatory(ies).
Instructions - Facility of filling instructions where POA is executed in favour of the Participant	
Circular No : NSDL/PI/2000/1953 Date: October 19, 2000	NSDL has received requests for clarification on the procedure to be followed when several clients have signed Power of Attorney (POA) in favour of the Participant for issue of delivery instructions. In such cases a consolidated delivery instruction will be valid and separate client-wise instructions would not be necessary. Participants must ensure the following :

	1. A duly signed computer printout containing all the details as specified in the delivery instruction form ("Delivery Instructions By Clients" viz., Annexure-L of Business Rules) should be on record alongwith the Annexure-L. The source Client Id should be mentioned against each instruction in the computer printout.
	2. Words "Details as per _____ (total) number of pages attached" should be written on the delivery instruction form viz., Annexure-L.
	3. The pre-printed serial number of the delivery instruction form should be mentioned on every page of the computer printout.
	4. Every page of the computer printout and the delivery instruction form should be signed by the POA holder.
	5. The delivery instruction forms used for the aforesaid purpose should bear separate series of pre-printed serial numbers.

Bulk verify & release facility for inter depository transfer instructions

Circular No : NSDL/POLICY/ 2007/0042 Date : July 23, 2007	*Sub : Extension of bulk verify-release facility for Inter Depository Transfer Instructions*
	Attention of Depository Participants (DPs) is invited to our Circular No. NSDL/ PI/2002/2138 dated December 12, 2002 and NSDL/PI/2003/1953 dated December 8, 2003 regarding commencement of online Inter Depository Transfer (IDT) instructions and deadline timings for exchange of IDT instructions.
	All DPs are hereby informed that the deadline timings for executing bulk verify/release of IDT instructions have been extended from 4.00 p.m. to 5.00 p.m. on weekdays and from 12.30 p.m. to 1.30 p.m. on Saturdays w.e.f. July 24, 2007. Further, an additional window of one hour for executing such IDT instructions through bulk verify/release option is being provided i.e. upto 6.00 p.m. on weekdays and 2.30 p.m. on Saturdays, subject to payment of an additional charge of Re. 1 per IDT instruction.
	DPs may therefore note that an additional charge of Re.1 per IDT instruction released through bulk verify/release after 5.00 p.m. (i.e. between 5.00 p.m. & 6.00 p.m.) on weekdays and after 1.30 p.m. (i.e. between 1.30 p.m. & 2.30 p.m.) on Saturdays will be levied to the DPs w.e.f. July 24, 2007. Further, deadline timings for manual verify / release of IDT instructions will continue to remain at 6.00 p.m. on weekdays and 2.30 p.m. on Saturdays.
	DPs are advised to exercise prudence while executing IDT instructions through bulk verify/release facility. This precaution is necessary as these instructions require acceptance by the other depository within the mutually agreed time frame and any bunching of instructions will unduly strain the system. Therefore, DPs are advised to execute IDT instructions through bulk verify/ release facility at periodic intervals so that the load on the network is distributed throughout the day.
Circular No : NSDL/PI/2003/1953 Date : December 8, 2003	Participants' attention is invited to our Circular No. NSDL/PI/2002/2138 dated December 12, 2002 regarding commencement of online inter depository transfer (IDT) instructions w.e.f. December 14, 2002 and deadline timings for exchange of IDTinstructions.

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All Participants are hereby informed that bulk verify/release facility for executing IDT instructions will be provided w.e.f. December 13, 2003 for which the following deadline timings should be observed by the Participants:

Sr No.	Particulars	On Week days		On Saturdays	
		Manual verify/ release	Bulk verify/ release	Manual verify/ release	Bulk verify/ release
1	Deadline time for Participants to verify & release IDT delivery /receipt instructions	6.00 p.m.	4.00 p.m.	2.30 p.m.	12.30 p.m.

Participants are advised to exercise prudence while executing IDT instructions through bulk verify/release facility. This precaution is necessary as these instructions require acceptance by the other depository within the mutually agreed time frame and any bunching of instructions will unduly strain the system. Therefore, Participants are advised to execute IDT instructions through bulk verify/release facility at periodic intervals so that the load on the network is distributed throughout the day.

Participants who wish to avail of this facility should contact NSDL Help Desk.

d. Others

Securities Lending & Borrowing Scheme (SLBS)	
Circular No : NSDL/POLICY/ 2008/0078 Date: November 5, 2008	*Sub: Revised Securities Lending and Borrowing (SLB) Framework.* Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2007/ 0078 dated December 24, 2007 enclosing therewith SEBI circular no. MRD/ DoP/SE/Dep/Cir-14/2007 dated December 20, 2007 regarding SEBI guidelines on Short Selling and Securities Lending and Borrowing. SEBI has now vide its circular no. MRD/DoP/SE/Cir- 31/2008 dated October 31, 2008 informed the revised framework for SLB. Copy of the said circular dated October 31, 2008 is enclosed for the information of Participants.

Annexure

CHIEF GENERAL MANAGER
Market Regulation Department – Division of Policy
Tel: 26449370 Fax: 2644 9031
Email: mdrao@sebi.gov.in

MRD/DoP/SE/Cir- 31 /2008
October 31, 2008

1.   The Managing Director / CEO,

      National Stock Exchange and Bombay Stock Exchange

2.   Managing Director, NSDL and CDSL

Dear Sir,

Sub: Review of Securities Lending and Borrowing (SLB) Framework

The framework for SLB was specified vide circular no. MRD/DoP/SE/Dep/Cir- 14 /2007 dated December 20, 2007. SLB was operationalised with effect from April 21, 2008. Pursuant to feedback from market participants and proposals for revision of SLB received from NSE and BSE, the framework is being revised as under:

1.   **Tenure**

      Tenure for SLB may be increased to 30 days from the present 7 days.

2.   **Corporate Actions during the 30 day SLB contract**

      The SLB tenure of 30 days will result in the need for appropriate adjustments for corporate actions. The corporate actions may be treated as follows:

      a.   Dividend: The dividend amount would be worked out and recovered form the borrower at the time of reverse leg and passed on to the lender.

      b.   Stock split: The positions of the borrower would be proportionately adjusted so that the lender receives the revised quantity of shares.

      c.   Other corporate actions such as bonus/ merger/ amalgamation / open offer etc: The transactions would be foreclosed from the day prior to the ex-date. The lending fee would be recovered on a pro-rata basis from the lender and returned to the borrower.

3.   **Time window for SLB**

      The time for SLB session may be extended from the present one hour (10 am to 11 am) to the normal trade timings of 9:55 am to 3:30 pm.

4.   **Risk Management**

      a.   With regard to risk management in SLB, it is advised that common risk management practices shall be followed by stock exchanges for SLB. It is reiterated that the exchanges should ensure that the risk management framework strikes a balance between ensuring commercial viability of SLB transactions and ensuring adequate and proper risk management. Exchanges should satisfy themselves regarding the adequacy of the risk management system.

      b.   Margins in SLB may be taken in the form of cash and cash equivalents as prescribed in the circular MRD/DoP/Cir-07/2005 dated February 23, 2005.

5.   **Exchanges and Depositories are advised to**

      a.   take necessary steps and put in place necessary systems for implementation of the above at the earliest;

b.   make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above;

c.   issue necessary instructions to the member brokers/clearing members and depository participants and also to disseminate the same on the website.

6.   This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

S V MURLI DHAR RAO

Circular No : NSDL/POLICY/ 2008/0025 Date : April 16, 2008	*Sub : Operationalisation and settlement timings for Securities Lending & Borrowing Scheme (SLBS)*

As all Depository Participants (DPs) are aware, SEBI vide its circular no. MRD/DoP/SE/Cir-05/2008 dated March 19, 2008 (copy enclosed) informed the stock exchanges and the depositories about the operationalisation of Short Selling and SLBS with effect from April 21, 2008. Further, NSDL vide its Circular No. NSDL/PI/2008/0162 dated January 29, 2008 informed DPs regarding incorporation of Market Type Codes in the CC Calendar at the request of National Securities Clearing Corporation Ltd (NSCCL) and BOI Shareholding Limited (BOISL). The pay-in timings with respect to SLBS settlements as informed by NSCCL and BOISL, effective from April 21, 2008 and NSDL deadline timings thereof are given hereunder

CC Id	Market Type Code	Description	NSDL deadline time	NSE/BSE Pay-in time	NSE/BSE Pay-out time
IN001019	18	SLB	9.00 am	9.30 am	11.30 am
IN001019	19	SLB-R			
IN001019	20	BUY IN AUCTION			
IN001002	23	SLB FIRST LEG			
IN001002	24	SLB RETURN LEG			
IN001002	25	SLB AUCTION BUY-IN			

For further information / clarification, DPs are requested to contact Mr. Narayan Venkat Tel : (022) 2499 4479 (email : narayanv@nsdl.co.in) / Mr. Rakesh Mehta Tel (022) 2499 4480 (email : rakeshm@nsdl.co.in).

Chief General Manager
Market Regulation Department-Division of Policy
E-mail: mdrao@sebi.gov.in

MRD/DoP/SE/Cir- 05 /2008
March 19, 2008

1.   The Executive Directors/Managing Directors/
      Administrators of all Stock Exchanges

2.   Managing Director & CEO, NSDL
3.   Managing Director & CEO, CDSL

Dear Sir / Madam,

Sub:- Operationalisation of Short Selling and Securities Lending and Borrowing

1.   SEBI vide circular dated December 20, 2007 had specified the broad framework for short selling by institutional investors and a full-fledged securities lending and borrowing scheme for all market participants.

2.   It has been decided to operationalise the above with effect from Monday, April 21, 2008.

3.   The Stock Exchanges and the Depositories are advised to :

      3.1   make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.

      3.2   bring the provisions of this circular to the notice of the member brokers/clearing members, depository participants and also disseminate the same on their website.

      3.3   communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

4.   This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

S V Murali Dhar Rao

Circular No : NSDL/POLICY/ 2008/0005 Date: January 29, 2008	***Sub. :- Securities Lending and Borrowing Scheme (SLBS)*** Attention of DPs is invited to NSDL Circular No. NSDL/POLICY/2007/0078 dated December 24, 2007 enclosing therewith SEBI circular no. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007 regarding SEBI guidelines on Short selling and Securities Lending and Borrowing. In pursuance to the same, please find enclosed circular no. NSCCL/SEC/2008/053 dated January 28, 2008 issued by National Securities Clearing Corporation Ltd (NSCCL) and notice no. 20080128-3 dated January 28, 2008 issued by BOI Shareholding Limited (BOISL) for information and necessary action.

Annexure

Notice no : 20080128-3
Notice date : Monday, January 28, 2008
Subject : BOISL Notice regarding Securities Lending and Borrowing Scheme (SLBS)
Segment Name General

Contents :

BOI SHAREHOLDING LIMITED

Sub. : Securities Lending and Borrowing Scheme (SLBS)

The members of Bombay Stock Exchange Ltd. (BSE) were informed vide Notice No.20071224-10 dated December 24, 2007 about the introduction of Securities Lending and Borrowing Scheme (SLBS) as specified by SEBI vide its Circular No.MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007.

In this connection, members of BSE are hereby informed that, the Clearing House of BSE i.e. BOI Shareholding Ltd. (BOISL), as the Approved Intermediary under the Securities Lending Scheme, 1997 announces the Securities Lending and Borrowing Scheme (SLBS) as per the broad framework specified by SEBI vide its aforesaid Circular No. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007 and any other circular / guidelines that may be issued in respect of the same from time to time.

The salient features of the SLBS are as under :

Eligibility

➢   All trading / clearing members of BSE as well as Banks and Custodians shall be eligible to participate in SLBS, subject to fulfillment of the eligibility criteria specified by BOISL. For this purpose they shall, inter alia, have to register as SLB Member in SLBS with BOISL as per the registration procedure specified by BOISL.

➢   SLB Member desirous of lending or borrowing securities under SLBS can do so either on their own account or on behalf of their clients.

➢   SLB Member shall be required to enter into an agreement with BOISL and the clients shall be required to enter into back to back agreement with the SLB Member as per the formats specified by BOISL. The formats of the same shall be available shortly on the website of BSE.

➢   The SLB Member shall apply to BOISL for allotment of Unique Client ID for each client who desires to participate in SLBS.

Eligible Securities

➢ To begin with, the dematerialised securities traded in F & O Segment shall be eligible for lending and borrowing under SLBS. BOISL shall from time to time announce the addition / removal of the securities to / from the list of eligible securities.

➢ In case of Record Date or Closure of Register of Members of a Company, the securities will not be allowed for lending and borrowing under the SLBS during the period as may be decided by BOISL from time to time.

Lending and Borrowing transaction on screen based platform

➢ BOISL shall provide a separate screen based order matching platform to execute lending and borrowing transactions. A detailed circular in respect of such platform will be issued in due course.

Clearing & Settlement Procedure

➢ The settlement obligations for transactions under SLBS will be on gross basis i.e. there shall be no netting of transactions.

➢ Following market types are to be used for giving instructions to the Depositories for securities pay-in :

SLBS Pay-in	Market Type
For first leg pay-in of Securities (by lender)	SLB
For return leg pay-in (return of borrowed securities by the borrower)	SLB-R
For pay-in of securities in SLB Auction	Buy-in Auction

➢ The pay-in and pay-out of funds and securities shall be through the designated clearing bank account and securities settlement account respectively.

➢ The Clearing Bank accounts currently used by members of BSE in Cash Segment (Equity Market) shall be the designated bank account for settlement of funds obligations under the SLBS.

➢ For securities demat account the SLB Member may approach the depository participants in respect of Pool / Principal accounts for settlement of securities obligations under SLBS.

➢ The transactions under SLBS shall be settled on a T+1 day basis as per time lines specified by BOISL. The lender shall be required to deliver the securities by the scheduled time on T+1 day. Failure to deliver securities shall result in financial close-out. The close-out computation formula shall be intimated by way of a circular.

➢ For a borrow transaction the settlement obligation shall be the lending fees plus the lending price. The lending price shall be previous day's closing price in Cash Segment of BSE.

➢ To start with, tenure of lending shall be seven trading days. Accordingly, the return of securities by the borrower shall be scheduled on T+8 day (where T is the SLBS transaction day).

➢ All SLB members shall be required to return the securities borrowed on

completion of period of lending. The securities shall be returned to the lender of the securities by BOISL. In the case of borrower failing to return securities, BOISL shall conduct an auction for obtaining securities. In the event of exceptional circumstances resulting in non-availability of securities in auction, such transactions would be financially closed-out at appropriate rates. The close-out computation formula shall be intimated by way of a circular.

➢ BOISL shall specify the settlement calendar with respect to SLBS from time to time. A typical settlement cycle for a lending and borrowing transaction shall be as under :

Activities	Timings
T Day	
Securities Lending & Borrowing session	10:00 am – 11:00 am
Custodial confirmation	by 2:00 pm
Final obligation to participant	3:30 pm
T+1 day Pay-in of securities/funds – 1st leg	9:30 am
Pay- out of securities/funds – 1st leg	11:30 am
T+8 day	
Pay-in of securities of return leg	9:30 am
Pay-out of securities/funds of return leg	11:30 am
Buy-in auction for failure of borrower to return securities	12:30 pm (approx.)
Auction obligation to participant	4:30 pm
T+9 day	
Pay-in of securities for auction settlement	9:30 am
Pay-out of securities/funds for auction settlement	11:30 am

Margins and Collaterals

➢ All transactions in the SLBS shall be subject to levy of margins. The margins shall be levied at a client level. The details in respect of margin and collateral deposit are mentioned in Annexure-I.

Position limits

➢ As prescribed by SEBI, the position limits with respect to SLBS shall be applicable at various levels.

➢ To begin with, the position limits at the level of Market, SLB Member and Client shall be as follows:

a) the market wide position limit for transactions under SLBS shall be 10% of the free float capital of the company in terms of number of shares.

b) No SLB Member shall have open position of more than 10% of the market wide position limit or Rs.50 crore (base value) whichever is lower.

c) For a FII / MF the position limits shall be the same as that of a SLB Member.

d) The client level position limit shall not be more than 1% of the market wide position limit.

Shortages & Close-out

➢ In the event of fund shortages by the borrowers the SLBS transactions shall be cancelled as may be decided by BOISL and accordingly, the securities shall be returned to the lenders alongwith lending fees. In the event, lender fails to deliver securities in the settlement the transactions shall be closed-out. The computation methodology and rate of close-out shall be intimated by BOISL from time to time.

➢ In the event the borrower fails to return the securities BOISL shall conduct a "Buy-in Auction". The buy-in auction shall be carried out in the Cash Segment of BSE.

➢ If the securities cannot be bought through the buy-in auction, then the transactions shall be closed-out. The computation methodology and rate of close-out shall be intimated by BOISL from time to time.

➢ In all cases of shortages BOISL may initiate various actions including withdrawal of borrowing and lending facility of the participant, withhold the securities / funds pay-out due to the participant or any other action as may be decided by BOISL from time to time.

Fines and penalties

➢ Fines and penalties shall be imposed on the SLB Members for defaults in delivery / return of securities or defaults in payment of funds or margin obligations or for violation of Unique Client Code requirements or for any other reasons as may be specified by BOISL from time to time.

Arbitration

➢ All claims, differences or disputes between the SLB Members and their clients arising out of transactions in SLBS shall be subjected to arbitration mechanism as intimated by BOISL from time to time

The detailed modalities with respect to implementation of SLBS and the effective date of implementation shall be communicated separately.

n case of any clarifications members may contact :

Name	Contact Nos.
Mr.Peter D'Souza – BOISL	5042
Mr.Daniel Lasrado – BOISL	5032
Ms.Avani Kulkarni – BOISL	5065
Ms.Sheela Anjaria – BSE, Clearing and Settlement	8149
Mr.Sanjay Narvankar – BSE, Clearing and Settlement	8113
Mr.Surendra Rashinkar – BSE, Clearing and Settlement	8306
Mr.Hitesh Desai / Mr.Yogesh Bambardekar – BSE, Dept.of Surveillance & Supervison	8286
Mr.Amit Kadam – BSE, Membership	8010

Annexure - I

Collateral Deposits and Margins for transactions under SLBS:

The criteria in respect of composition of capital, computation and collection of margins would be as follows:

A. Composition of Capital (Liquid Assets):

➢ SLB Members may note that the capital deposited as collateral towards Base Minimum Capital and Additional Capital for Securities Lending and Borrowing are to be maintained in form of Cash and Cash equivalent only.

■ **Base Minimum Capital (BMC) :**

o Base Minimum Capital of Rs.10 lakhs to be separately maintained by SLB Members for SLBs.

■ **Additional Capital (Liquid Assets) :**

o In addition to the Base Minimum Capital the SLB Members may deposit additional capital in form of cash or cash equivalent only (i.e., Fixed Deposit Receipts of Banks and Bank Guarantee).

B. Margins :

➢ Margins shall be computed and collected as per the present system followed in the Cash segment (Equity Market). All participants in the Securities Lending and Borrowing shall be margined. BOISL would compute, collect and release various margins as follows :

■ **VaR Margin and ELM Margin:**

• VaR margin and ELM margin rates as applicable to the security in the cash segment of BSE at beginning of day rates shall be applicable in the SLBS.

• The VaR margin and ELM margin shall be collected on an upfront basis by adjusting against the collateral of the SLB Members at the time of transaction.

• The VaR margin and ELM margin shall be collected on the gross open position of the SLB Member. The gross open position for this purpose would mean the gross of all positions across all the clients of a SLB Members including its proprietary position

• VaR margin rates for SLBS shall be available on the website of BSE.

• The VaR Margin and ELM margin so collected shall be released on completion of pay-in of the respective settlement.

■ **Mark to Market Margin:**

• Mark to market margin shall be calculated by marking each transaction in security to the closing price of the security at

the end of day in the cash segment of BSE. In case the security has not been traded on a particular day in the equity market, the latest available closing price at the BSE shall be considered as the closing price.

- The mark to market margin (MTM) shall be collected from the SLB Member at the end of day on T day.

- Such MTM will be collected from the SLB Members in the evening on the T day, first by adjusting the same from the available cash and cash equivalent component of the liquid assets and the balance MTM in form of cash from the SLB Members through their clearing banks on the same day.

- The MTM margin shall be collected on the gross open position of the SLB Members. The gross open position for this purpose would mean the gross of all positions across all the clients of the SLB Member including its proprietary position. For this purpose, the position of a client would be netted across its various securities and the positions of all the clients of a SLB Member would be grossed.

- There would be no netting off of the positions and setoff against MTM profits across two settlements. However, for computation of MTM profits/losses for the day, netting or setoff against MTM profits would be permitted.

■ **Fixed percentage on lend / borrow transactions**

- In addition to the aforesaid margins, the collateral deposits of the SLB Members will also be blocked upfront towards the following:

  o In case of both the borrower and lender, a fixed percentage of lending price shall be levied as margins. Such margins will be collected on an upfront basis by adjusting against the collateral of the SLB Member. To begin, with the fixed percent shall be 25%.

■ **Lending fee amount**

  o In case of the borrower, lending fees amount based on the actual transacted value shall be blocked upfront against the collateral.

■ **Custodial transactions**

  o In respect of transactions entered by a SLB Member which is to be settled by a custodian, the margins from the time of transactions till confirmation by the custodian shall be levied on the SLB Member. On confirmation of the said transactions by the custodian, the custodian shall be levied the margins applicable on such transactions.

  o In case of rejection by the custodian, the margins on the transaction rejected shall continue to be levied on the SLB Member.

■ **Release of margins :**

- SLB Members may note that:

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o   All margins shall be applicable at client level.

o   Both lender and borrower shall be levied margins in respect of first leg of transaction in the SLBS.

o   The borrower shall also be levied margins in respect of return leg of transactions in SLBS.

o   Margins as collected above shall be released after completion of pay-in of respective settlements.

■   Exemption from margins :

o   Exemption from margins shall be available in case where early pay-in of securities is made by the lender of securities.

Annexure

NATIONAL SECURITIES CLEARING CORPORATION LTD.

Download Ref. No: NSE/CMPT/10146

Ref. No: NSCCL/SEC/2008/   053   Date: January 28, 2008

To
All Members & Custodians,

SECURITIES LENDING & BORROWING SCHEME (SLBS)

In pursuance of SEBI Circular No. MRD/DoP/SE/Dep/Cir-14 /2007 dated December 20, 2007 and in continuation of NSCCL Circular No.NSCCL/SEC/ 2007/0646 dated December 24, 2007, NSCCL as an Approved Intermediary (AI) announces the Securities Lending & Borrowing Scheme (SLBS) within the overall framework of "Securities Lending Scheme, 1997".

The salient features of the scheme are as under:

1.   Participant Eligibility

All clearing members of NSCCL including Banks and Custodians, hereinafter referred to as 'Participant', shall be eligible to participate in SLBS. In order to become eligible to participate in SLBS, clearing members shall have to register as Participants in SLBS.

For this purpose, the eligible persons shall be required to follow the registration procedure as specified by NSCCL which shall include entering into an agreement with NSCCL as per the format specified.

Participants desirous of lending or borrowing securities can do so either on their own account or on behalf of their clients. Prior to undertaking lending or borrowing of securities on account of clients, the Participant shall enter into an agreement with each client as per the format specified by NSCCL.

The Participant shall apply to NSCCL for allotment of a Unique client ID for each client who desires to participate in SLBS.

2.   Eligible Securities

Securities lending and borrowing shall be permitted in dematerialized form only. NSCCL shall announce the list of securities eligible under SLBS from time to time. To start with, securities available for trading in F&O segment of National Stock Exchange of India Ltd. (NSEIL) shall be permitted.

In case of Record Date or Closure of Register of Members of a Company in any of the eligible security, the security shall not be available for

lending and borrowing during the period as may be intimated by NSCCL from time to time

3.   Process of securities lending and borrowing

Order Matching Platform:

NSCCL shall provide an automated, screen based, order matching platform to the Participant to execute lending and borrowing transactions. The Participant shall be allowed to put Borrowal / lending orders. The orders shall be matched on a price - time priority. Details of the order matching platform being provided for SLBS transactions are enclosed as Annexure 1.

The orders placed by the Participant shall be for the lending fee.

Clearing:

NSCCL shall compute obligations based on the transactions executed on the order matching platform. All obligations shall be on a gross basis i.e there shall be no netting of transactions.

Transactions under SLBS segment shall be identified based on different settlement types as intimated by NSCCL for the first leg and reverse leg settlements.

Settlement Procedure:

The pay-in and pay-out of funds and securities shall be through the designated bank accounts and securities settlement account respectively.

The transactions shall be settled on a T+1 day basis as per time lines specified by NSCCL. The lender shall be required to deliver the securities by the scheduled time on T+1 day. Failure to deliver securities shall result in financial close-out. The close-out computation formula shall be intimated by way of circular.

For a borrow transaction, the obligation shall be the lending fees plus the lending price. The lending price shall be the previous day's closing price in the Capital Market segment of NSEIL.

Designated Bank Account

The bank account currently used by Participant for settlement of funds in the Capital Market segment shall be the designated bank account for giving effect to funds debits/credits under SLBS.

Securities Settlement Account

Participants shall be required to maintain accounts with both depositories i.e NSDL & CDSL. The pool account currently used by Participants in NSDL for effecting securities pay-in and pay-out in the Capital Market segment shall be used for settlement under SLBS.

In case of CDSL, Participants shall require to open a separate settlement account for effecting securities pay-in and pay-out under SLBS.

4.   Period of lending

To start with, tenure of lending / borrowing shall be seven trading days. Accordingly the return of securities by borrower shall be scheduled on the T+8 day (where T is the SLBS transaction day).

5.   Process of return of securities

All Participants shall be required to return the securities borrowed on completion of period of lending. The securities shall be returned to the lender of the securities by NSCCL. In the case of borrower failing to return securities, NSCCL shall conduct an auction for obtaining securities. In the event of exceptional circumstances resulting in non-availability of securities in auction, such transactions would be financially closed-out at appropriate rates. The close-out computation formula shall be intimated by way of a circular.

6.   Lending and Borrowing Calendar

NSCCL shall specify the settlement calendar with respect to SLBS from time to time. A typical settlement cycle for a lending and borrowing transaction shall be as under:

Activities	Timings
T Day	
SLBS transaction session	10:00 am - 11:00 am
Custodial confirmation	2:00 pm
Final obligation to Participant	3:30 pm
T+1 day	
Pay-in of securities/funds first leg (Settl Type L)	9:30 am
Pay- out of securities/funds first leg	11:30 am
T+8 day	
Pay-in of securities of reverse leg (Settl Type P)	9:30 am
Pay-out of securities/funds of reverse leg	11:30 am
Buy-in auction for failure of borrower to return securities Around 12:00 noon	
Auction obligation to Participant	4:30 pm
T+9 day	
Pay-in of securities for auction settlement (Settl Type Q)	9:30 am
Pay-out of securities/funds for auction settlement	11:30 am

7.   Margins and Collateral

All transactions under SLBS shall be subject to levy of margins. The margins shall be levied at a client level and collected on an upfront basis from the Participant. The margins to be levied on SLBS transaction shall be intimated by NSCCL from time to time. The details in respect of margin and collateral deposit are enclosed as Annexure 2.

8.   Position Limits

NSCCL shall prescribe position limits at various levels for transactions in SLBS in consultation with SEBI and the same shall be intimated from time to time. To begin with the limits shall be as under:

(a) the market-wide position limits for SLB transactions shall be 10% of the free-float capital of the company in terms of number of shares (b) No Participant shall have open position of more than 10% of the market-wide position limits or Rs. 50 crore (base value), whichever is lower (c) For a FII/MF, the position limits shall be the same as of the Participant (d) The client level position limits shall be not more than 1% of the market-wide position limits.

9. Shortages and Close out

In the event of funds shortage by the borrower, the SLBS transactions shall be cancelled, as may be decided by NSCCL and accordingly, securities shall be returned to the lenders alongwith lending fees.

In the event the lender fails to deliver securities, the transaction shall be closed out. The methodology and rate of close out shall be intimated by NSCCL from time to time.

In the event the borrower fails to return the securities NSCCL shall conduct a buy-in auction. The buy-in auction shall be carried out in the Capital Market segment of NSEIL.

If the security cannot be bought through the buy-in auction, the transaction shall be closed out. The methodology and rate of close out shall be intimated by NSCCL from time to time.

In all cases of shortages, NSCCL may initiate various actions including withdrawal of access to the order matching platform , withhold of the securities/funds pay-out due to the Participant or any other action as may be intimated by NSCCL from time to time.

10. Fines and Penalties

NSCCL shall impose fines and penalties on the Participants for defaults in delivery / return of securities, or payment of fund obligations or payment of margin or violation of unique client code or any other reason as may be specified by NSCCL from time to time.

11. Arbitration

All claims, differences or disputes between the Participants and their clients arising out of transactions in SLBS shall be subjected to arbitration mechanism as intimated by NSCCL from time to time.

The detailed modalities with respect to implementation of SLBS and the effective date of implementation shall be communicated separately.

In case of any clarifications, members are requested to contact Mr. Samir Rajdev, Ms. Meghana Mukadam, Mr. Shailesh Golatkar on telephone numbers 26598268/ 26598215/ 26598383.

For National Securities Clearing Corporation Ltd.

Rana Usman

Manager

The order matching platform features & user navigation for SLBS are described below. For further details Participants are requested to refer to the on-line help facility.

Parameters for Securities Lending & Borrowing

Market time	10.00 AM - 11.00 AM	SLBS Segment
Market Type	N	Normal Market
Book Type	RL	Regular Lot
Series	FL	SLBS Segment
Series	RL	Auction Market for Reverse Leg in Cash Market
Price band	No price band	Operating range - 40%
Permitted lot size	1	
Tick Size	Rs 0.01	

Setting up Securities in Market Watch: For setting up securities in the Market Watch screen, the user has to press the function key [F4], enter the required details in Symbol, Series and Market Type fields and press [Enter]. The default option displayed in the market type field is 'N'.

Order Entry - Borrow/ Lend orders can be entered in SLBS using the function keys [F1] and [F2] and selecting 'RL' in the Book Type field. With respect to orders in the SLBS, Participants may note the following:

- Quantity - Order quantity should be in multiples of Market Lot.
- Price - In price field member has to enter fees for securities lending & borrowing. They can enter either market orders or limit price orders. Order price for limit price orders should be in multiples of tick size.
- PRO/CLI - Both 'Proprietary (Pro)' and 'Client (Cli)' orders are allowed.
- Time Conditions -User can specify time conditions as 'Day' or 'IOC'.
- Participant Code - A valid Custodial Participant Code has to be entered in this field.

Order Cancellation/Modification - Order cancellation and modification is allowed for orders entered in the SLBS. Both Single and Quick Order Cancellation functions are available. In order to effect Quick Cancellation of orders for a security in SLBS, a member has to press [Shift+F3] to invoke Quick Order Cancellation screen and select 'RL' in the Book Type field. Quick Cancellation can also be done for all securities in the SLBS by selecting the Book Type as 'RL' and other parameters as relevant.

MBP - User can query order information for the SLBS in MBP by selecting 'REGULAR LOT' as book type in the selection screen. Orders are stacked according to price in MBP. The high, low, last transacted price, percentage change and average transaction price figures are calculated with respect to transactions in SLBS.

Market Inquiry - Security statistics for SLBS can be viewed by selecting 'NORMAL' as market type.

Outstanding Orders/Activity log/ Previous Transactions - Outstanding order/ Activity log/ Previous Transaction information in a particular security can be viewed for SLBS by selecting the book type 'REGULAR LOT' in the respective selection screens.

Order and Transaction Confirmation Slips - The order confirmation slip for orders entered in SLBS displays 'RL' as Book Type field. Similarly, transaction confirmation slip generated for SLBS transactions show 'N' in the Market Type field.

Net Position - The Net Position screen displays consolidated statistics for all markets as well as separately for each market.

Most Active Securities - This screen display consolidated statistics i.e. transacted value, transacted quantity, no of transactions for a security across the markets.

On-line Backup - In the On-line Backup function a facility is provided to select order/transactions based on Market Type. Alternately, members can take a backup for all markets by selecting 'All' in the Market Type field.

Full Message Display - In Full Message Display, messages can be filtered on Symbol and Series.

Offline Order Entry - This function is available for SLBS. The structure for the input file is given in the online help.

Branch/User Order Value Limit - Branch/User Order Limit is applicable for a particular Branch/User for orders across all Markets.

Securities Order Quantity Limit - Securities Order Quantity Limit is applicable for a particular security across all Markets.

Order Limits - Order limits set by a user are applicable for a single order across all Markets.

Reports - Transactions report generated for Participants i.e. Transactions Done, Order Log and Open Orders report, displays records in ascending order of security name. Within a security records are displayed by Market Type.

Bhav Copy - Security statistics pertaining to SLBS transactions are shown in the Market Statistics report.

ANNEXURE 2

MARGINS AND COLLATERALS

1. **Collateral Deposits**

   Participants may deposit collaterals in the form of cash equivalents i.e., cash, bank guarantees and fixed deposit receipts, and any other form of collateral as may be prescribed by the Approved Intermediary (NSCCL) from time to time. The collateral deposited by the participant shall be utilized towards margin requirement of the participant.

   In case of failure of the participant to meet its obligation, the collaterals provided by the participants may be liquidated by NSCCL to meet the obligation of the participant

   1.1 **Minimum Collateral**

      Every participant is required to continuously maintain minimum collateral of Rs.10 lacs in the form of cash as prescribed by the NSCCL. This deposit should be provided by the participant at the

time of registration in Securities Lending and Borrowing Scheme (SLBS).

2.   Margins

All transactions under SLBS shall be subject to margins. Following margins shall be applicable for transactions under SLBS.

2.1   First Leg transactions

Both lender and borrower shall be levied margins in respect of first leg of transactions under SLBS.

2.1.1 Borrow transaction

The following margins shall be levied on the Participants for a borrow transactions:

1. Value at Risk Margins
2. Extreme Loss Margins
3. Mark to Market Margins
4. Fixed percentage of lending price as may be specified by NSCCL
5. Fixed percentage of lending fee as may be specified by NSCCL

2.1.2 Lend transaction

The following margins shall be levied on the Participants for lend transactions:

1. Value at Risk Margins
2. Extreme Loss Margins
3. Mark to Market Margins
4. Fixed percentage of lending price as may be specified by NSCCL

2.2   Reverse Leg transactions

Only the borrower shall be levied margins in respect of reverse leg of transactions under SLBS. The following margins shall be levied on the Participants for a borrow transactions:

1.   Value at Risk Margins
2.   Extreme Loss Margins
3.   Mark to Market Margins
4.   Fixed percentage of lending price as may be specified by NSCCL

2.3   Value at Risk Margin (VaR Margin)

- VaR margin rate as applicable to the security in the capital market segment shall be applicable in the SLBS.
- The VaR margin shall be collected on an upfront basis by adjusting against the collateral of the Participant at the time of transaction.
- The VaR margin shall be collected on the gross open position of the Participant. The gross open position for

this purpose would mean the gross of all positions across all the clients of a Participant including its proprietary position

- VaR margin rate for each security shall be disseminated to the Participants through the Extranet and on the website of the Exchange.

- The VaR margin so collected shall be released on completion of pay-in of the respective settlement.

2.4 Extreme Loss Margin

- Extreme Loss margin rate as applicable to the security in the capital market segment shall be applicable in the SLBS

- The Extreme Loss margin shall be collected on an upfront basis by adjusting against the collateral of the Participant at the time of transaction.

- The Extreme Loss margin shall be collected on the gross open position of the Participant. The gross open position for this purpose would mean the gross of all positions across all the clients of a Participant including its proprietary position

- The Extreme Loss margin so collected shall be released on completion of pay-in of the respective settlement.

2.5 Mark to Market Margin

- Mark to market loss shall be calculated by marking each transaction in security to the closing price of the security at the end of day in the capital market segment. In case the security has not been transacted on a particular day in the capital market segment, the latest available closing price at the NSE shall be considered as the closing price.

- The mark to market margin (MTM) shall be collected from the Participant before the start of the SLBS session of the next day.

- The MTM margin shall also be collected/adjusted from/ against the collateral deposited by the Participant

- The MTM margin shall be collected on the gross open position of the Participant. The gross open position for this purpose would mean the gross of all positions across all the clients of a Participant including its proprietary position. For this purpose, the position of a client would be netted across its various securities and the positions of all the clients of a Participant would be grossed.

- There would be no netting off of the positions and setoff against MTM profits across two settlements However, for computation of MTM profits/losses for the day, netting or setoff against MTM profits would be permitted.

- The MTM margin so collected shall be released on completion of pay-in of the settlement.

2.6 Fixed Percentage of lending price

- A fixed percentage of lending price shall be levied as margin on the Participants for both borrow and lend transactions as may be intimated by NSCCL from time to time. To start with the fixed percentage shall be '25%'
- This shall be collected on an upfront basis by adjusting against the collateral of the Participant at the time of transaction.
- This shall be collected on the gross open position of the Participant. The gross open position for this purpose would mean the gross of all positions across all the clients of a Participant including its proprietary position
- The margin so collected shall be released on completion of pay-in of the respective settlement.
- The lending price shall be the previous day closing price of the security in the capital market segment

2.7 Fixed Percentage of lending fee

- A fixed percentage of lending fee shall be levied as margin on the Participants for borrow transactions as may be intimated by NSCCL from time to time. To start with the fixed percentage shall be '100%'
- This shall be collected on an upfront basis by adjusting against the collateral of the Participant at the time of transaction.
- The margin so collected shall be released on completion of pay-in of the respective settlement.
- The lending fee shall be the actual price of the transaction

2.8 Exemption from margins

In cases where early pay-in of securities is made prior to the securities pay-in, such positions for which early pay-in (EPI) of securities is made shall be exempt from margins. The EPI would be allocated to clients having net deliverable position, on a random basis.

2.9 Custodial transactions

In respect of transactions entered by a Participant which is to be settled by a custodian, the margins from the time of transactions till confirmation by the custodian shall be levied on the Participant. On confirmation of the said transactions by the custodian, the custodian shall be levied the margins applicable on such transactions.

In case of rejection by the custodian, the margins on the transaction rejected shall continue to be levied on the Participant.

2.10 Short fall of margins

In case of any shortfall in margin the Participant shall not be permitted to transact in SLBS with immediate effect. The same shall be considered as violation and shall attract penal charges as may be specified by NSCCL from time to time

	2.11 Margins from the Client:
	Participants should have a prudent system of risk management to protect themselves from client default. Margins are likely to be an important element of such a system. The same shall be well documented and be made accessible to the clients and NSCCL. However, the quantum of these margins and the form and mode of collection are left to the discretion of the Participants.

Procedure for execution of transactions based on receipt of electronic instructions

Circular No : NSDL/POLICY/ 2008/0002 Date: January 11, 2008	*Sub: Procedure for execution of transactions based on receipt of electronic instructions*
	NSDL has been receiving requests from Participants for execution of transactions based on receipt of electronic instructions while providing depository services to their Clients, who are availing Custodial, E-broking, Portfolio Management Services etc.of the Participant. Participants have been representing such requests on account of the operational inconvenience resulting from the requirement to maintain Delivery Instruction Slips (DIS) in physical form and signing of such DIS in huge numbers.
	As all Participants are aware, as per Rule 4.5.1 of the Business Rules of NSDL, Participants are required to obtain prior approval from NSDL for accepting instructions in electronic form. Further, as per Rule 4.5.1 of the Business Rules of NSDL, Participants are required to ensure compliance with the following conditions for accepting instructions in electronic form:
	(i) *The Participant has adequate systems and security features in place to authenticate the Client and the Client to authenticate the Participant;*
	(ii) *The Participant is able to conclusively prove the origin, destination, date and time of receipt or dispatch of such electronic instructions received by it;*
	Explanation:
	(a) As per the provisions of the Information Technology Act 2000 (IT Act), legal recognition for transactions carried out electronically envisages use of digital signature for authentication of electronic records. Thus, the instructions submitted electronically need to be authorised using Digital Signature Certificate issued by a Certifying Authority (CA) licensed by Controller of CA. This would ensure that the Client itself has submitted the instruction which cannot be repudiated later. Accordingly, as mentioned in point nos. (i) and (ii) hereinabove, Participants will be required to establish systems/process in place to confirm that the instructions received in electronic form are indeed digitally signed by the Client and are not modified subsequent to digitally signing of instructions. Further, the systems/process that Participant establishes must enable the Client to ensure that the digitally signed instructions are indeed received by the authorised person of the Participant.
	(b) Participants will be responsible to establish the procedure that will ensure the validity of digital signature certificate of the Users and will also ensure that the person digitally signing the instructions is indeed authorised to do so.

(c)   Participant will be required to establish the procedure which will be followed by the Client for authenticating the Participant.

(iii)   The Participant retains such electronic instructions in the format in which it was originally received or sent or in a format which can be demonstrated to represent accurately the information which was originally received or sent;

Explanation:

(a)   Electronic instructions received by the Participants must be authenticated using signature verification utility (SVU). This is required to ensure that the instructions are indeed received from the Client. SVU should be issued by a CA licensed by Controller of CA to validate the digitally signed files received from the Client. The SVU will strip the digital signature after successful authentication. The new file thus generated after authentication must be stored as a different file before uploading/executing in the DPM System so as to keep the original file with the digital signature intact. Participants will be required to ensure that the authenticated file should not be altered and should represent accurately the information which was orginally received or sent by the Client, before uploading/executing the file in the DPM system. In this regard, Participants will be liable for any claims that may be raised by the Client on account of any loss arising from execution of instructions which are altered subsequent to stripping the digital signature.

(b)   Participants are advised to ensure that the instructions submitted electronically using digital signature must be retained alongwith the digital signature for the period as specified in various regulations.

(c)   Participants are advised to retain the details of authorised persons who are digitally signing the instructions for the period as specified in various regulations.

(iv)   The instructions received remain accessible and usable for subsequent reference.

Explanation:

(a)   Participants will be liable to produce these electronic records in a readable form to NSDL, SEBI or to any other Statutory Authority, whenever required. As Participants are aware, NSDL inspects the records of the Participants at regular intervals. Therefore, the file formats of digitally signed instructions should adhere to either of the file formats prescribed for DPM system or SPEED-e.

(b)   The signed file should be such that instruction details can be clearly identified, thus it can be in a flat file as per backoffice import file formats or SPEED-e import file formats or a format which is readable directly, without a need to interpret the information in the file.

(c)   Participants will be required to provide the SVU that would enable NSDL inspection team to verify the transactions that are received electronically. Also, Participants will have to ensure that any new upgrades done by its CA will be incorporated in the SVU and provided to NSDL at the time of inspection.

General compliance

1. Participants will be responsible for ensuring compliance with NSDL Circular Nos. NSDL/PI/98/519, NSDL/PI/2002/0583 and NSDL/PI/2003/0406 dated October 13, 1998, April 8, 2002 and March 7, 2003 respectively regarding the requirements of time & date stamping and deadline for submission of electronic instructions received from Client.

2. Participants are advised to ensure compliance with NSDL Circular No. NSDL/POLICY/2007/0069 dated November 12, 2007 regarding details to be obtained from Clients in respect of 'Consideration' and 'Reasons/Purpose' for off-market transactions.

3. Participants should be able to provide the details of the instructions to the NSDL inspection team based on the relevant details provided to the Participants by NSDL.

4. Participants are advised to follow the procedure mentioned in NSDL Circular No. NSDL/POLICY/2007/0054 dated September 22, 2007 regarding capturing of Power of Attorney holder/Authorized Signatory signature and the changes in the back-office module and the file formats in respect of the back-office batch interface with the DPM System. Participants are advised to select Signature Type as "Digital" only for those accounts for which NSDL has permitted Participants to use digital signature for submitting delivery instructions.

5. The internal auditors as appointed by Participants will be required to verify that necessary audit trails and checks have been implemented in conformity with NSDL prescribed guidelines / circulars and the deviations, if any, may be reported in the internal audit report under point no. **4 Audit of delivery instructions** (Refer NSDL Circular no. NSDL/POLICY/2006/0027 dated July 17, 2006) with effect from quarter ended December 2007 (report to be submitted by March 2008). In case no deviations have been reported, it will be treated that the aforesaid requirements have been duly complied with by the Participant.

6. Participants will be responsible for ensuring compliance with the provisions of Depositories Act, SEBI (Depositories and Participants) Regulations, 1996, The Prevention of Money Laundering Act, 2002, Bye Laws and Business Rules of NSDL, as well as any other circulars / guidelines issued by NSDL from time to time, in this regard.

7. Participants can execute transactions based on the electronic instructions after ensuring compliance with each of the aforesaid conditions and upon receipt of prior approval from NSDL.

For further information / clarification, Participants are requested to contact Mr. Ashish Kini on Tel. No. (022) 2499 4494 (email : ashishk@nsdl.co.in) for operational related queries and Mr. Vijay Bhardwaj on Tel No. (022) 24994735 (email: vijayb@nsdl.co.in) for system related queries.

Delivery of Instructions through Speed-e	
Circular No : NSDL/POLICY/ SPEED-e/2008/0006 Date : November 10, 2008	**Sub : Incorporation of FIU details on SPEED-e for smart card / e-token Users** NSDL has scheduled a version release on **SPEED-e** in the first week of December 2008 to incorporate the fields viz., 'Consideration' and 'Reasons/Purpose' for smart card / e-token Users. As Participants are aware, **SPEED-e** enables only the smart card / e-token Users to submit off-market instructions. In this regard, file formats in respect of back-office batch interface with the DPM System for Participants and file formats for smart card / e-token Users to interface with **SPEED-e** website are enclosed. The file formats of smart card / e-token Users are also displayed on the **SPEED-e** website. Participants are requested to inform their Clients accordingly. Participants are advised to make necessary changes to their back office as highlighted in the enclosed file format by November 29, 2008. Participants are also advised to inform their smart card / e-token Users who submit off market instructions of new file formats for submission of instructions on **SPEED-e**. For further information / clarification, Participants are requested to contact Mr. Sandeep Kumar Tel : (022) 2499 4361 (email : sandeepk@nsdl.co.in) / Mr. Narayan Venkat Tel : (022) 2499 4479 (email : narayanv@nsdl.co.in).
Circular No : NSDL/POLICY/ 2008/0065 Date : September 26, 2008	**Sub : Revocation of SPEED-e and IDeAS facility by NSDL consequent to closure of such Client accounts in the DPM system** In continuation of NSDL Circular No. NSDL/POLICY/2008/0024 dated April 11, 2008, all Participants are hereby informed that with effect from September 26, 2008, NSDL shall also revoke the Client IDs of password Users and User IDs of smart card / e-token Users on **SPEED-e / IDeAS** at regular intervals after such Clients accounts are closed in the DPM System. Other details as informed in NSDL Circular Nos. NSDL/POLICY/2008/0020 and NSDL/POLICY/2008/0024 dated April 4 and 11, 2008 respectively remain unchanged. For further information / clarification, Participants are requested to contact Mr. Sandeep Kumar Tel : (022) 2499 4361 (email : sandeepk@nsdl.co.in) / Mr. Narayan Venkat Tel (022) 2499 4479 (email : narayanv@nsdl.co.in).
Circular No : NSDL/POLICY/ 2008/0046 Date: June 26, 2008	**Sub: Withdrawal of usage fee for password based Users of the SPEED-e facility** As all Depository Participants (DPs) are aware, NSDL launched its common internet facility called **SPEED-e** on September 1, 2001, which facilitates Users (Beneficial Owners and Clearing Members) to submit delivery instructions on the internet. Users have the option of accessing **SPEED-e** facility either as a Password User or as a Smart Card / e-Token User. With a view to encourage investors to submit delivery instructions electronically over internet, NSDL is pleased to announce the withdrawal of usage fee of Rs.25 charged to DPs, every quarter, in respect of Password based Users of the **SPEED-e** facility, with effect from July 1, 2008.

	DPs are requested to pass on the benefit to the Password based Users of the **SPEED-e** facility.
Circular No : NSDL/POLICY/ SPEED-e/2008/0004 Date : April 23, 2008	*Sub : Extension in deadline time for submission of instructions for a given market type on SPEED-e* Depository Participants (DPs) who have subscribed for **SPEED-e** have made representations to NSDL to extend the deadline time for submission of instructions (pertaining to pay-in) by Clients on **SPEED-e** on the pay-in day. NSDL is pleased to announce the following changes with respect to deadline time for submission of pay-in instructions on **SPEED-e**, on the pay-in day based on the market type for below given stock exchanges, with effect from **April 28, 2008:**

Name of the Stock Exchange	Market Types	Revised deadline time for submission of instructions (pertaining to pay-in) by Clients on SPEED-e on pay-in day	NSDL deadline time for execution of instructions in the DPM System on pay-in day
NSE	SLB First Leg, SLB Return Leg and SLB Auction Buy-in	8.00 am	9.00 am
	Normal, Auction Normal, Trade for Trade, Company Objection, Retail Debt Market, Bad Delivery, Institutional and MFSS T+3	9.30 am	10.30 am
BSE	SLB, SLB-R and Buy in Auction.	8.00 am	9.00 am
	Rolling Market Lot	9.30 am	10.30 am
	Auction Rolling	11.00 am	12.00 noon
	Company Objection		1.00 pm
			4.00 pm
CSE	Rolling Market Lot and Auction Rolling	9.30 am	10.30 am

	DPs are requested to note as follows: 1) In case there are multiple pay-ins of same market type for a stock exchange happening on the same day, in such a case, the deadline time of submission of instructions on **SPEED-e** on the pay-in day would be 8.00 am for all multiple pay-in of same market type. 2) The deadline time for submission of instructions on **SPEED-e** for other stock exchanges remains unchanged i.e. submission deadline time on **SPEED-e** on the pay-in day would be 8.00 am.

	3) The deadline time for submission of instructions on *SPEED-e* with current date as execution date would be 6.30 pm, which remains unchanged.
	4) Instructions with future date as the execution date can be executed, even after 6.30 p.m.
	5) There is no change in the existing deadline for submission of instructions with current date as the execution date on *SPEED-e* by the Clients on Saturdays which is 3.00 p.m.
	DPs must ensure that all the instructions submitted by the Clients within the aforesaid deadline time are duly executed in the DPM System and in case DPs encounter any difficulty in downloading the instructions from *SPEED-e*, the same should be reported to Help Desk immediately.
	DPs are requested to take note of the above and inform the *SPEED-e* Users accordingly.
	For further information / clarification, DPs are requested to contact Mr. Sandeep Kumar Tel : (022) 2499 4361 (email : sandeepk@nsdl.co.in) / Mr. Narayan Venkat Tel : (022) 2499 4479 (email : narayanv@nsdl.co.in).
Circular No : NSDL/POLICY/ 2008/0024 Date : April 11, 2008	***Sub : Revocation of SPEED-e and IDeAS facility consequent to closure of demat accounts***
	Depository Participants (DPs) have represented to NSDL that Clients (Beneficial Owner) do not submit revocation request to DPs for revoking *SPEED-e / IDeAS* facility, at the time of closing their demat accounts. In this context, DPs have requested NSDL to allow them to revoke such Client accounts on *SPEED-e / IDeAS* on receipt of closure request with respect to demat accounts.
	DPs may unilaterally revoke the Client IDs in case of password Users and User IDs in case of smart card / e-token Users on *SPEED-e / IDeAS* as applicable, after carrying out the closure of demat accounts of such Clients. In case of smart card / e-token Users, DPs should send the Client details i.e. Client ID, User ID and Signature Revocation Form of such Clients to NSDL after carrying out the revocation of User ID. As all DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2008/0020 dated April 4, 2008 informed DPs about the launch of download of Clients details on *SPEED-e / IDeAS*, whereby DPs can download and view the details of their respective Clients who have subscribed for the services of *SPEED-e* and / or *IDeAS*. This facility will enable the DPs to identify the accounts in *SPEED-e / IDeAS* for the purpose of revocation of access.
	Consequent to account closure, DPs are advised to provide the transaction statement to such Client for the period from the beginning of the quarter in which the account is closed till the date of closure. Further, the transaction statement should bear the words **"Account Closed"** and should be prominent. For this purpose, DPs can affix a rubber stamp or create a suitable system that will clearly show on the transaction statement that the account has been closed (Refer NSDL Circular No. NSDL/POLICY/2006/0014 dated May 11, 2006).
	For further information / clarification, DPs are requested to contact Mr. Sandeep Kumar Tel : (022) 2499 4361 (email : sandeepk@nsdl.co.in) / Mr. Narayan Venkat Tel (022) 2499 4479 (email : narayanv@nsdl.co.in).

Circular No : NSDL/POLICY/ 2008/0020 Date: April 04, 2008	*Sub: Launch of new feature 'Client List Download' for DP on SPEED-e and IDeAS*

Sub: Launch of new feature 'Client List Download' for DP on SPEED-e and IDeAS

As all Participants are aware, NSDL has provided a common internet facility called SPEED-e and a facility called IDeAS (Internet-based Demat Account Statement) to view balances and transactions in demat accounts updated on an online but not real time basis. DPs were advised to maintain the list of clients who have subscribed for these facilities manually in a register. DPs have been representing to NSDL for a utility that will provide the list of clients who have subscribed for SPEED-e or/and IDeAS facility.

NSDL is now pleased to announce the launch of *'Client List Download'* on SPEED-e and IDeAS. This facility is expected to be released on April 4, 2008.

In this feature, a new link **"Download Client List"** under the option "Inquiries" would be provided to DP Administrator and DP Functional Users. DPs can download a digitally signed file containing the details of the clients who have subscribed for SPEED-e or/and IDeAS in a TCL file. DPs can verify the digital signature of NSDL using a Signature Verification Utility. Detailed procedure regarding installation of Signature Verification Utility is already available to view and download on *SPEED-e* site.

DPs who have subscribed to SPEED-e facility will get the list of clients who have subscribed for SPEED-e or/and IDeAS facility & list of Clearing Members who have subscribed for SPEED-e facility. DPs who have subscribed for IDeAS facility will get the list of clients who have subscribed for only IDeAS facility.

The downloaded file will provide the following details.

Sr No	Column	Remarks
1	DP ID	The DP ID of the DP user doing the download
2	USER ID downloading the file	The USER ID of the DP user doing the download
3	No of records	Will display total number of records generated in the downloaded file
4	Downloaded file date & timestamp	The date will be displayed in the following format (YYYYMMDDHHMMSS)
5	Registration Number	Registration No. will be displayed only in case of a Password based user
6	Client Activation Date	User Activation Date will be displayed in case of a password based user. Incase of Smart Card based users, the Client registration date will be displayed
7	Client ID / CM BP ID	In case the client is a CM then Client Id as well as CM BP ID will be shown in the file. In case the client is an investor then only Client Id will be shown.
8	Status	This field can be Active/Suspended The user present in any other status will not be included in the file.

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Sr No	Column	Remarks
9	Service	This field will denote whether the client is using either SPEED-e or IDeAS or Both. It would display SPEED-e or IDeAS or SPEED-e & IDeAS in the file depending on the facility subscribed.
10	User Type	This field will denote whether the client is smart card based or password based. If the client is password based then the field will be displayed as Password and if the client is smart card based then Smart Card will be displayed.

The downloaded file will contain the list of clients that are in Active/Suspended status at the time of download by the DP user in the SPEED-e system.

Circular No : NSDL/POLICY/ 2008/0003 Date: April 03, 2008	***Sub: SPEED-e Operations Manual for DPs*** NSDL is pleased to inform the Depository Participants (DPs) that the SPEED-e Operations Manual for DPs is now available for download on SQLASSIST Intranet site of NSDL *(//sqlassist/SPEED-e Operations Manual)*. This operations manual is also available for download to DP Users (i.e. Admin and Functional User) on NSDL SPEED-e Website *(https://speed-e.nsdl.com)*.
Circular No : NSDL/POLICY/ 2008/0013 Date: March 3, 2008	***Sub: Launch of e-Token for SPEED-e facility*** NSDL informed Depository Participants (DPs) about the launch of SPEED-e facility vide circular no. NSDL/PI/2001/1307 dated August 27, 2001. SPEED-e enables demat account holders of the DPs to issue their delivery instructions, in expanded time frames and from anywhere directly through internet on SPEED-e website viz.; https:\\speed-e.nsdl.com, thus eliminating the need to submit delivery instructions in paper form. DPs can access SPEED-e through smart card based authentication. Users can subscribe to SPEED-e either as a Password User or as a Smart Card User. The Smart Card (SC) based facility features SC based access authentication and digital signature based transaction authorisation for the high-end users such as CMs, sub-brokers and traders, high networth individuals etc. and password based authentication for the low-end users. NSDL is now pleased to launch e-Token facility to DPs and its clients who have subscribed to SPEED-e. e-Token is a hardware device which can be connected to standard USB interface and which is embedded with Digital Signature Certificate (DSC) issued by a trusted third party i.e. Certificate Authority (CA) with private key of the user for digitally signing the transaction. Users, who wish to avail e-token option, will have to purchase e-Token, which at present cost around Rs.1000/-. This e-Token kit can be sourced from any vendor of your choice and who has ability to supply the stated e-Token specification. The features of SC as explained in NSDL circular NSDL/PI/2001/ 1307 dated August 27, 2001, NSDL/PI/2001/1895 dated December 27, 2001, NSDL/PI/SPEED-e/2005/04 dated December 20, 2005 and NSDL/PI/SPEED-e/ 2006/01 dated January 23, 2006 will also be available to the e-Token users other than secured PIN Pad entry. The e-Token user has to enter the password on keyboard for token-based authentication in place of PIN Pad. To ensure the privacy of e-Token password, the DPs are advised to ensure security of PC and also advise their clients suitably. DPs and the clients of the DPs which

have subscribed to SPEED-e and intending to use e-Token will need internet connectivity and the system with the following specifications :

PC Requirements for e-Token Users:

Supported Operating Systems	Microsoft Windows 2000, Windows Server 2003, Windows XP and Windows Vista.
System Ports	One USB Port
Browser	Internet Explorer Version 6.0 or above

e-Token Specifications:

e-Token	Aladdin eToken
e-Token Memory Size Option	32K

SC based operation will be phased out by NSDL and the schedule for the same will be informed to DPs in due course. However, existing SC users may continue SC based operation till the time SC is phased out by NSDL. As the vendor for SC has expressed its inability to supply new SC kit, all the new DP's subscribing to SPEED-e and new clients of the DPs (existing and new) subscribing for DSC based transaction authorisation will have the option of e-Token based operation only. Further, the existing SC users of DPs and its clients may avail the option of e-Token based operation by procuring e-Token from the vendor and migrating DSC issued for SC in the e-Token.

For any clarification with respect to e-Token, DPs are requested to get in touch with Mr. Pradeep Agarwal / Mr. Rahul Mehta on 022-24994447/ 4456.

Circular No :
NSDL/POLICY/
SPEED-e/2008/0001
Date : January 3, 2008

Sub : Extension in Deadline for Submission of Instructions on SPEED-e

As all Participants are aware, NSDL launched its common internet facility called *SPEED-e* on September 1, 2001. At present, *SPEED-e* allows the Clients to submit instructions with current date as the execution date only upto 6:00 p.m. IST (3:00 p.m. on Saturdays). Participants have requested NSDL to extend the deadline for submission of instructions on *SPEED-e* for their clients on weekdays.

In this regard, NSDL is pleased to announce the following changes on *SPEED-e* with effect from January 7, 2008:

• Instructions with current date as the execution date can be executed on *SPEED-e* by the client upto 6:30 p.m. IST (earlier 6:00 p.m. IST). However, instructions with future date as the execution date can be executed at any time, even after **6.30 p.m. IST.**

Further, there is no change in the deadline for submission of instructions with current date as the execution date on *SPEED-e* by the client on Saturdays which is 3:00 p.m. IST.

Participants must ensure that all the instructions received from the clients within the aforesaid deadlines are duly executed in the DPM System and in case Participants encounter any difficulty in downloading the instructions from *SPEED-e*, the same should be reported to Help Desk immediately. In case of emergency, NSDL will download the file and give it to the Participants.

Participants are requested to take note of the above and inform all the *SPEED-e* Users accordingly.

Circular No : NSDL/PI/2001/1307 Date : August 27, 2001	SPEED-e will enable demat account holders of the Participants to issue their delivery instructions, in expanded time frames and from anywhere directly through internet on SPEED-e website viz.; http:\\speed-e.nsdl.com, thus eliminating the need to submit delivery instructions in paper form. Participants will have to periodically (at least three times a day) download these instructions from SPEED-e website, import them into the DPM system and upload the status of the instructions back to the site. Participants can access SPEED-e through smart card based authentication. The files downloaded by the Participant will bear digital signature of the site and files uploaded by the Participant will bear the digital signature of itself. SPEED-e has been designed to meet the requirements of both, the password user as well as smart card based user. This facility features smart card based access authentication and digital signature based transaction authorisation for the high-end users such as CMs, sub-brokers and traders, high networth individuals etc. and password based authentication for the low-end users. Smart Card is a hardware device with embedded microprocessor and contains digital certificate issued by a trusted third party i.e. Certificate Authority (CA) with private key of the user for digitally signing the transaction. As a measure of safety to the password based users, the facility restricts credits to only three pre-notified CM accounts. Investors / Clearing Members subscribing to this facility can check the status of their instructions by accessing SPEED-e. Participants will have the option of preventing any instruction from being executed, if client has breached any of the terms of Client-Participant agreement.
Auto Cancellation of Unconfirmed Pledge/Hypothecation/SLB Orders due to Auto Corporate Actions	
Circular No : NSDL/PI/2001/1566 Date : October 13, 2001	In continuation of Circular No. NSDL/PI/2001/1559 dated October 12, 2001 regarding automatic cancellation of unconfirmed Pledge / Hypothecation / SLB orders, Participants are further advised that while re-executing the cancelled orders, proportionate quantity credited under the new ISINs upon conversion should be entered in respect of each cancelled order. Participants can refer to the Auto Corporate Action Details inquiry screen in the DPM for obtaining the details of ACAs viz; Instruction No., Type, Execution Date, Debit ISIN, Credit ISIN, Conversion Ratio and status
Circular No : NSDL/PI/2001/1559 Date : October 12, 2001	All Participants are hereby informed about the effect on unconfirmed Pledge / Hypothecation / SLB orders subsequent to release of DPM Application software Version 3.1. All unconfirmed pledge / hypothecation creation, pledge /hypothecation closure, hypothecation invocation, lend initiation, borrow initiation, recall initiation and repay initiation requests for those ISINs for which Auto Corporate Actions have been executed so far will get automatically cancelled and securities will get transferred to the new ISINs on Monday, October 15, 2001. The cancelled Pledge / Hypothecation / SLB orders will be reflected in the changed orders for the day (COD) Export. Participants should re-execute such cancelled Pledge /Hypothecation / SLB orders immediately. Henceforth, whenever an Auto Corporate Action (ACA) is executed, all unconfirmed Pledge / Hypothecation / SLB orders will get cancelled automatically and securities will be transferred to the new ISINs on the execution date of ACA and Participants will have to re-execute those orders. Fresh instruction forms will not be required to be obtained from the clients for re-execution of the automatically cancelled Pledge/ Hypothecation / SLB orders on account of ACA.

Auto Corporate Action for redemption	
Circular No : NSDL/PI/2002/0763 Date: May 14, 2002	As a part of software version 3.2, a facility has been introduced whereby securities can be redeemed by the Issuers through its R&T Agents, by executing an Automatic Corporate Action (ACA). In this regard, Participants are advised to note the following:

1. The details of ACA can be viewed in the main menu of the DPM system under "Inquiries" screen by selecting the option Corporate Action\Auto Corporate Action Allotment.

2. The implications of ACA for various types of instructions are as under:

Sr. No.	Type of Instruction	Effect of ACA on the Execution Date
1	Free balances under Beneficiary Accounts, CM Pool Accounts and Intermediary Pool Accounts.	ACA executed
2	Pending demat requests	The requests are cancelled
3.	Pending remat / repurchase requests	The requests are cancelled and ACA executed
4.	Unconfirmed Pledge. Hypothecation / SLB instructions	The instructions are cancelled and ACA executed
5.	Securities Pledged/ Hypothecated	ACA not executed. Upon closure or invocation of the pledge/hypothecation, ACA is executed on the BOD of the next day of such closure /invocation.
6.	Locked-in securities	ACA not executed. When securities become free, ACA is executed on the BOD of the next day when securities become free.
7.	Balances which are frozen	ACA not executed. When freeze is removed, ACA is executed on the BOD on the next day of removal of the freeze.
8.	Balances under the CM Delivery accounts	ACA not executed. On the BOD of the next day when securities are moved to CM Pool account on pay-out or cancellation of delivery out instructions, ACA executed.

3. No fresh Dematerialisation/ rematerialisation/ repurchase requests can be initiated before 21 days of the redemption date.

4. No instructions can be initiated with execution date greater than the redemption date.

	5. Redemption by way of ACA is not applicable in case of Commercial Papers and Equity Shares.
Precautions while executing instructions for Buy back or Open offer	
Circular No : NSDL/PI/2002/1108 Date: July 9, 2002	It has been brought to the notice of NSDL that some of the instructions submitted by the Clients on the last/ penultimate day of buy back/open offers (offers) were not executed by the Participants. As a result, the Clients could not take part in such buy back/open offers. In this regard, Participants are requested to advise their Clients to submit such instructions at least one working day before the date of closure of such offers or prior to such deadline time as may be decided by the Participant for submission of delivery instructions by Clients. Further, Participants should advise their Clients to mark "Buy back/Open offer" on the face of the Delivery Instruction Form so as to identify such instructions and execute them on a priority basis.
Precautions while executing fax instructions	
Circular No : NSDL/POLICY/ 2008/0045 Date: June 16, 2008	*Sub: Extension of time limit to receive original instructions from the date of receipt of the fax instructions* NSDL vide its Circular No. NSDL/PI/2002/0740 dated May 9, 2002 informed Depository Participants (DPs) about the various precautions to be taken by DPs while executing delivery instructions received through fax from their Clients. In this context, a few DPs have represented to NSDL regarding the practical difficulty in implementing point no. 6 of the aforesaid circular, which requires DPs to receive the original delivery instructions within two days from the date of receipt of the fax instruction. In light of the aforesaid representation, all DPs are hereby informed that the requirement to receive the original instructions within two days from the date of receipt of the fax instruction is extended to **three days**, excluding Sundays and Bank holidays. Further, other guidelines mentioned in the aforesaid circular remain unchanged. For any information/clarifications, DPs are requested to contact NSDL officials on telephone numbers (022) 2499 4488 / 4214 / 4479 / 4483 / 4494 / 4348 (email : participant-interface@nsdl.co.in).
Circular No : NSDL/PI/2002/0740 Date: May 9, 2002	Participants are advised to take note of the following precautions while executing instructions received through fax from the Clients (fax instructions): 1. Participant should obtain a fax indemnity duly signed by all the authorised signatories of the account. 2. Participant must advise its Clients to mark "This is a fax instruction" on the face of the delivery instruction form with a view to identify the same from the original delivery instruction form received subsequently. Only such fax instructions should be executed by the Participant. 3. The Client, while issuing a fax instruction, must use the delivery instruction forms issued to it by the Participant. The Participant should verify the signature(s) of authorized signatory(ies), pre-printed serial number and pre-stamped Client Id, as per the existing procedure for processing delivery instruction forms. 4. The staff of the Participant who processes the fax instruction shall put the signature on the fax instruction indicating that the signature has

	been verified and that the delivery instruction form belongs to that Client.
	5. Participant should affix the time stamp on the fax instruction form as well as on the original instruction form, when received and keep both of them together for records.
	6. Participant should ensure that it receives the original instruction form subsequently, latest within two days from the date of receipt of the fax instruction. In case the Participant does not receive the original instruction form within the stipulated time, it should inform such Clients that the facility of executing instructions received on fax is withdrawn, till the original instruction is received.
	7. Participant must establish suitable procedure to prevent multiple execution of the same instruction.
	8. Participant should also take such steps to preserve the fax instruction form in legible form.
	9. Participant, before providing this facility to the Clients, must obtain a suitable insurance cover in this regard.
	10. Participants should note that the aforesaid guidelines are in addition to the existing guidelines regarding execution of delivery instructions.

Stipulated time for transfer of securities from CM Pool Account & Penalty

Circular No : NSDL/PI/2004/0721 Date: April 22, 2004	Attention of Participants is invited to SEBI Circular No. SEBI/MRD/Policy/AT/Cir-19/2004 dated April 21, 2004, which states as follows:
	"SEBI vide circular no. SMDRP/Policy/Cir-05/2001 dated February 01, 2001, had stipulated a time limit of 4 calendar days or 2 working days, whichever is later, for transferring the securities from the member's pool account to the beneficiary accounts of clients. Also, SEBI vide circular No. SMD/Policy/Cir-6/2003 dated February 6, 2003 has stipulated the brokers to distribute the pay-out of securities and funds within 24 hours to their clients. Hence, with a view to harmonize the time limit for the pay-out from the pool account of the member to the client account, it is now clarified that, in partial modification of SEBI circular no. SMDRP/Policy/Cir-05/2001 dated February 01, 2001, the stock brokers/clearing members shall be required to transfer the securities from their respective CM Pool account to the respective beneficiary account of their clients **within 1 working day after the pay-out day.** The securities lying in the pool account beyond the stipulated 1 day shall attract a penalty at the rate of 6 basis point per week on the value of securities."
	Participants are requested to note that this will be effective from May 1, 2004.

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4. Transmission

Bye Law 9.10.1	NSDL shall effect the transmission of security balances of any Client due to death, lunacy, bankruptcy, insolvency or by any other lawful means other than transfer.
Bye Law 9.10.2.1.	In cases where the deceased is the Karta of a Hindu Undivided Family ("HUF") holding securities in such capacity, the surviving member(s) of the HUF may notify to NSDL the eldest surviving member of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL as having title to the securities held in the beneficial owner account held by the deceased Karta. Provided however that such facility shall be permitted by NSDL only if the gross value of the securities lying to the credit of such beneficial account does not exceed such limit as may be prescribed by NSDL in its Business Rules from time to time. In all other cases, no change of name of account holder shall be permitted unless supported by a succession certificate and such other requirements as may be prescribed in accordance with law."
Bye Law 9.11.1	In respect of every account, the Beneficial Owner(s) (in Nominating Person(s)) may nominate any person (Nominee) to whom his securities shall vest in the event of his death in the manner prescribed under the Business Rules from time to time.
Rule 12.6.1	**Transmission of Securities held jointly in the Depository** 12.6.1.1. In case of death of one of the Clients in a joint account, the surviving Client(s) shall request the Participant to transmit the balances lying in the Client account to the account of the surviving Client(s). The surviving Client(s) shall make an application to the Participant in the form specified in Annexure O alongwith a copy of the death certificate duly notarised. 12.6.1.2. The Participant shall verify the death certificate and the signature of the surviving Client(s) before effecting the transmission. 12.6.1.3. The Participant after being fully satisfied on all aspects, shall then effect transfer of the balances to the account of the surviving Client(s). For this purpose, the Participant may conduct such further enquiries as may be deemed necessary. 12.6.1.4. After effecting the transmission, the Participant shall close the account of the deceased.
Rule 12.6.2	**Transmission of Securities held singly in the Depository** 12.6.2.1. In case of death of the sole Client, the legal heir(s) or legal representative(s) of the deceased shall request the Participant to transmit the balances lying in the Client account of the deceased to the account of the legal heir(s) or legal Representative(s).

	12.6.2.2.	The legal heir (s) or the legal representative(s) of such securities shall make an application to the Participant in the form specified in Annexure O alongwith the following documents:-
		i) A copy of the death certificate duly notarised.
		ii) A copy of the Succession certificate duly notarised or an order of a court of competent jurisdiction where the deceased has not left a Will; or
		iii) A copy of the Probate or Letter of Administration duly notarised.
	12.6.2.3.	However, if the legal heir(s) or the legal representative(s) express inability to produce either of the documents mentioned under (ii) and (iii) above, and the market value of the securities held in each of the account of the deceased as on the date of application for transmission does not exceed Rs. 1,00,000/- then the Participant shall process the transmission request on the basis of the following Documents:
		i) Request for transmission in Annexure O;
		ii) Copy of the death certificate duly notarised;
		iii) Letter of Indemnity duly supported by a guarantee of an independent Surety acceptable to the Participant, made on appropriate non judicial stamp paper;
		iv) An Affidavit made on appropriate non judicial stamp paper; and
		v) No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
	12.6.2.4.	The Participant shall ensure that the documents submitted by the legal heir(s) or the legal representative(s) are in order and shall then effect a transfer of the balances to the Client account of the legal heir(s) or the legal representative(s).
	12.6.2.5.	After effecting the transmission, the Participant shall close the account of the deceased.
Rule 12.6.3	**Transmission of Securities in case of Nomination**	
	12.6.3.1.	The Client(s) may make a nomination of his/their account in favour of any person by filing with the relevant Participant the form laid out in Annexure JA of these Business Rules. In the case of joint accounts, all the Clients shall be required to affix their signatures to the said form. Such nomination shall be conclusive evidence of the Client(s) disposition in respect of all the securities in the account for which nomination has been made.
	12.6.3.2.	A nomination once made shall not be considered to have been varied, substituted or canceled, unless the Client(s) files another form as laid out in Annexure JA with the Participant, expressly signifying the interest to vary, substitute or cancel all nominations made earlier. Unless a fresh variation,

substitution or cancellation is registered with the Participant, the Depository shall consider the nomination last validly recorded in its books as being conclusive evidence of the Client(s)™ disposition in respect of the securities.

12.6.3.3. A nomination, substitution shall be valid only if :-

a)   it is submitted to the Participant by the rightful Client(s) or under his/their due authority.

b)   it is in prescribed form (Annexure J/JA)

c)   it is duly signed by Client(s)

d)   it is properly signed and witnessed

e)   signature of the Client(s) tally with the specimen signature records

f)   the details of the securities entered in the nomination forms match those in the records of the Participant

g)   the photograph of the Nominee is annexed to the nomination form

h)   the Nominee has signed the nomination form and guardian in case of the nominee being a minor

12.6.3.4. If the form is valid in all respects and accepted by the Participant, the Participant shall register the nomination by generating a "Nomination Registration Number" ("NRN"), enter the same in the DPM (DP) and confirm the same to the Client(s) in writing.

12.6.3.5. In the event of a substitution/ cancellation of a nomination a fresh NRN or a written certification of cancellation, as the case may be, shall be generated by the Participant and given to the Client(s) and the DPM (DP) shall be updated.

12.6.3.6. The Participant shall at all times, irrespective of subsequent variations and cancellations, maintain an updated "Register of Nominations" which shall contain the following information :-

a)   Serial number

b)   Date of Registration

c)   Nomination Registration Number

d)   Certificate of Cancellation of nomination

e)   Account number of the Client(s)

f)   Name(s) of the Client(s)

g)   Address of the Client(s)

h)   Name of nominee

i)   Address of nominee

j)   Schedule date of attaining majority (if the Nominee is a minor)

	k) All details of variation/ cancellation of nomination with respective dates
	l) Remarks and observations of the Participant, if any
	m) In case the nominee is a minor, the DP shall ensure that a fresh photograph and the signatures of the nominee are obtained once in every five years.
	12.6.3.7. The Participant shall ensure that such register is maintained properly and is verified periodically. All the nominations received should be bound and preserved for record purposes. These records shall form part of the records of the Participant.
	12.6.3.8. Upon the death of the sole Client or the death of all the Clients, as the case may be, the nominee shall request the Participant in writing alongwith a certified true copy of the death certificate (or a duplicate copy of the death certificate if original lost or misplaced) issued by the competent authority to transmit the securities covered by the nomination to the account of the Nominee, held with any Depository. If the Nominee does not have an account with the Depository, the Nominee shall be required to open an account with any Depository
	12.6.3.9. The provisions relating to Annexure "O" shall apply *mutatis mutandis* to the process of transmission of securities to the Nominee.
	12.6.3.10. Before executing any request made under any of the forms in respect of nomination, the Participant shall ensure the completeness of the form and validity of the signature of the Client(s).
	12.6.3.11. The details of various nominations made by the Client(s) shall form an integral part of the records of the Participant, Depository and the Issuer or its Registrar and Transfer Agent under Chapter 16 of these Business Rules and shall be Reconciled in accordance with Chapter 15 of these Business Rules.
Rule 12.6.4	**Transmission of Securities held by Karta of Hindu Undivided Family (HUF) in the Depository**
	12.6.4.1. Upon death of the Karta of a Hindu Undivided Family (HUF), the surviving member(s) of the HUF may appoint the eldest surviving member of the HUF as the new Karta of the HUF.
	(A) For transmission of securities to the account of the new Karta from the account of the deceased Karta, the surviving members through the new Karta shall make a joint application to the Participant in the Form specified in Annexure "O" along with the following documents:
	i. True Copy of the death certificate of the Karta, duly certified by a notary public;

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<td>ii.</td>
<td>An appropriate order by a competent court, Provided however that, if the surviving members or the New Karta express their inability to produce the order of a competent Court, and that the market value of securities lying to the credit of such account as on the date of application for transmission of securities does not exceed Rupees Ten Lakh then the Participant shall process the transmission request on the basis of the following documents:</td>
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ii. An appropriate order by a competent court, Provided however that, if the surviving members or the New Karta express their inability to produce the order of a competent Court, and that the market value of securities lying to the credit of such account as on the date of application for transmission of securities does not exceed Rupees Ten Lakh then the Participant shall process the transmission request on the basis of the following documents:

  a) Request for transmission in Annexure "O", duly signed by the New Karta;

  b) A declaration of the list of surviving members of HUF in an affidavit in the prescribed form (Annexure "O"), duly notarised;

  c) Letter of Indemnity in the prescribed form (Annexure "O") from the surviving members.

(B) Where there is an objection from any member of the HUF, transmission of securities held in the beneficial owner account should be effected only on the basis of a Decree by a competent Court or the Deed of Partition."

12.6.4.2.   The surviving members shall furnish to the Participant the certified copy of the Settlement Deed/ Deed of Partition / Decree of the relevant Court, duly stamped in case the HUF goes into separation/ partition for dealing with the securities lying in the beneficial owner account held by the deceased Karta, and furnish to the Participant the details of the beneficial owner accounts of the individual members in order to have the securities distributed to their respective accounts.

12.6.4.3.   The Participant shall ensure that the documents submitted by the surviving members or the new Karta are in order and shall then effect a transfer of the balances to the client account of the new Karta.

12.6.4.4.   After effecting the transmission, the Participant shall close the account held in the name of the deceased Karta.

Capturing of PAN details in the DPMAS in case of transmission

Circular No. NSDL/ POLICY/2007/0006 Date: January 23, 2007	***Sub : Transmission in depository account-Capturing description in the PAN field of the deceased***
	Attention of Depository Participants (DPs) is invited to Circular No. NSDL/ POLICY/2007/0005 dated January 18, 2007 wherein DPs were informed about the process to be followed when a request for transmission of securities is received in case of death of Client(s) holding a depository account and such account is frozen **(Suspended for Debit)** due to non-compliance of PAN requirements.
	As explained in the above circular, DPs are required to obtain PAN details of legal heir(s)/legal representative(s)/nominee in case of death of the sole holder/death of all holders. Where the deceased was a joint holder, DPs are

	required to capture the PAN details of the surviving holder(s) in the DPM Application Software (DPMAS). **In addition to above, DPs are requested to take the following steps in DPMAS:** 1. **Capture the description "TRANSMISIN" in the PAN field of the deceased.** 2. **Do not enable the PAN flag appearing against the name of the deceased in the existing depository account.** 3. **Enable the PAN flag only against the names of the surviving holder(s) after updation of the concerned PAN field(s).** Thereafter, as explained in the aforesaid circular, DPs are advised to follow the procedure for unfreezing of the depository account, transferring of securities and submitting requests for waiver fees in respect of such depository accounts.

Circular No.
NSDL/POLICY/
2007/0005
Date: January 18, 2007
	Sub : Clarification-Obtaining/Capturing of PAN details in the DPMAS in case of transmission in depository account
	
	Depository Participants (DPs) have been seeking clarification regarding capturing of PAN details when a request for transmission of securities is received in case of death of Client(s) holding a depository account and such account is frozen **(Suspended for Debit)** due to non-compliance of PAN requirements.
	
	In this regard, it is hereby clarified that DPs should:
	
	1. Capture the PAN details of the surviving holder(s) in the DPM Application Software (DPMAS), in case the deceased was a joint holder;
	
	2. Obtain the PAN details of the legal heir(s) or legal representative(s) of the deceased, in case the deceased was the sole holder of the depository account;
	
	3. Obtain the PAN details of the nominee in case of death of the sole holder or death of all the holders, where nomination had been made in respect of such depository account.
	
	Thereafter, DPs are required to follow the procedure given hereunder:
	
	A) Unfreeze the Client account in the below given sequence (Refer Circular No. NSDL/POLICY/2006/0068 dated December 29, 2006):
	
	   (i) Verify the PAN details as per the procedure laid down in Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006 with respect to PAN details to be obtained / captured in the DPMAS.
	
	   (ii) Update the PAN field and enable the PAN flag provided in the DPMAS in respect of the existing depository account. Ensure that the status of the updation is 'Closed,Settled'. (applicable only where transmission request is received from the surviving Client(s) as mentioned in point no. (1) above.)
	
	   (iii) Remove the suspension by initiating unfreeze instruction and ensure that the status of the unfreeze instruction is 'Closed,Settled' prior to executing any other instruction in the DPMAS.

	B) Follow the procedure mentioned for account transfer in case of transmission as given in Rule 12.6 of Business Rules of NSDL under the following:

Rule 12.6.1	Transmission of securities held jointly in the depository
Rule 12.6.2	Transmission of securities held singly in the depository
Rule 12.6.3	Transmission of securities in case of nomination

	C) For submitting requests for waiver of fees to NSDL, DPs are requested to follow the procedure mentioned in Circular No. NSDL/PI/2003/2103 dated December 29, 2003.

Transmission - Processing pending cases

Circular No. NSDL/PI/2000/2034 Date : November 3, 2000	Further to our Circular No. NSDL/PI/2000/1983 dated October 25, 2000, all Participants are hereby advised that the pending transmission cases arising out of nomination in respect of beneficial owner's account(s) where a valid nomination exists, can be processed and disposed of under the provisions of amended Bye Law 9.11 and Business Rule 12.6.3 of NSDL. The Participants should satisfy themselves about the identity of the nominee. Further, the Participants should ensure that in respect of existing accounts where nominations have been obtained, Annexure JA duly filled in by all the account holder(s) is obtained immediately.

Transmission cum Demat - Removal of time limit

Circular No. NSDL/PI/2001/0899 Date : June 25,2001	Attention of the Participants is invited to our Circular No. NSDL/PI/99/58 dated January 22, 1999 regarding the procedure for processing the requests for transmission alongwith the dematerialisation of securities in case of joint holdings. In this context, all Participants are hereby informed that such requests can be accepted even after two years from the date of the death of the deceased.

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5. Provision of transaction statement

Regulation 43	Every participant shall provide statements of account to the Beneficial Owner in such form and in such manner and at such time as provided in the agreement with the beneficial owner.
Bye Law 6.4.4 Circular No. NSDL/PI/2003/0671 Date : April 23, 2003	'Every Participant shall provide a transaction statement including statement of accounts, if any, to the Clients in such form as specified under the Business Rules. Such a statement shall be furnished to the Clients at monthly intervals, unless the Participant and its Clients have agreed otherwise. However, if there is no transaction in the account, then the Participant shall provide such statement to the Client atleast once a quarter. Provided that in case of a Participant who has not entered into an agreement as per Annexure B of this Bye Laws with its Client in terms of the proviso to Bye Law 6.4.2, then the Participant shall provide the transaction statement including statement of accounts, if any, to the Client as agreed between the Participant and the Client.' The aforesaid amendments come into effect immediately and should be incorporated in the agreements to be executed with new Clients. However, in case of existing Clients, Participants are advised to intimate them about the aforesaid amendments and implement the same w.e.f. June 1, 2003.
Bye Law 7.4.1	In case of a dispute between a Client and a Participant with whom the Client had maintained his account, and the Participants unwillingness to give transaction statement to the Client, the Depository shall provide or cause to provide, through the Participant, such details about daily transactions as might be required by the Client.
Clause 6 of DP-Client Agreement Circular No. NSDL/PI/2003/0671 Date : April 23, 2003	'The Depository Participant undertakes to provide a transaction statement including statement of accounts, if any, to the Client at monthly intervals unless the Depository Participant and the Client have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Depository Participant shall provide such statement to the Client atleast once a quarter' The aforesaid amendments come into effect immediately and should be incorporated in the agreements to be executed with new Clients. However, in case of existing Clients, Participants are advised to intimate them about the aforesaid amendments and implement the same w.e.f. June 1, 2003.
Rule 14.3.1 Circular No. NSDL/PI/2003/0671 Date : April 23,2003	'The Participant shall furnish a transaction statement including statement of accounts, if any, to every Client, who has opened an account with it, giving the details of the security-wise balances in the accounts of the Clients. Such a statement shall be furnished to the Clients at monthly intervals unless the Client and the Participant have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Participant shall provide such statement to the Client atleast once a quarter. A specimen of the transaction statement is given in Annexure V.' The aforesaid amendments come into effect immediately and should be incorporated in the agreements to be executed with new Clients. However, in case of existing Clients, Participants are advised to intimate them about the aforesaid amendments and implement the same w.e.f. June 1, 2003.

Transaction Statements to clients through Internet (Web-based or Email)	
Circular No. NSDL/ NSDL/POLICY/ 2008/0036 Date: May 21, 2008	*Sub: Providing Transaction Statements to Clients by email or on website*

Sub: Providing Transaction Statements to Clients by email or on website

As all Depository Participants (DPs) are aware, NSDL had vide Circular nos. NSDL/PI/98/477 and NSDL/PI/2002/0398 dated September 22, 1998 and March 7, 2002 respectively clarified that DPs can provide transaction statements to their Clients by email or on website provided an agreement is executed with the Client. DPs have been requesting NSDL to permit providing of such transaction statements to their Clients by email or on website on terms and conditions to be signed by the Clients in this regard.

In view of the above, DPs may provide transaction statements by email and/ or on website by entering into a legally enforceable arrangement with the Client subject to the following:

A. General

1. This facility can be provided only on receipt of a written request from Client(s) duly signed (by all account holders in case of joint account) clearly stating their intention to receive transaction statements either by email or on website or both.

2. The terms and conditions to be signed by the Client(s) (by all account holders in case of joint account) shall include the following clauses:

    (a) The Client(s) is/are aware that it will not receive the transaction statements in paper form.

    (b) The Client(s) will take all the necessary steps to ensure confidentiality and secrecy of the login name and password of the internet/email account.

    (c) The Client(s) is/are aware that the transaction statement may be accessed by other entities in case the confidentiality/secrecy of the login name and password is compromised.

    (d) In case transaction statements are sent by email, the Client(s) shall immediately inform the DP about change in email address, if any.

    (e) DPs and Client(s) shall have the right to terminate such service provided a written notice is given atleast 10 days in advance to the other party.

3. The signature(s) of the Client(s) on the terms and conditions must be verified by a DP official and such official shall sign to the effect that the same is/are verified.

4. In case, the DP is not able to provide transaction statement to its Clients by email or on website due to any reason (including bounced emails), the DP should ensure that the transaction statement is provided to the Client in paper form as per the time schedule stipulated in the Bye Laws & Business Rules of NSDL.

	5. If the Client(s) is/are desirous of receiving transaction statements in paper form, DPs shall be duty bound to provide the same.
	B. Email
	1. The transaction statements should be digitally signed in accordance with the Information Technology Act, 2000.
	2. The transaction statements should be password protected.
	C. Website
	1. DPs must implement Secure Socket Layer (SSL) security for their Internet facility featuring site authentication, encrypted communication and appropriate client authentication so as to restrict the access of transaction statements only to the Client. The transaction statements made available on website should be digitally signed in accordance with the Information Technology Act, 2000.
	2. DPs will be required to send a consolidated transaction statement in paper form or in electronic form (email) for the entire financial year and the same shall be dispatched before 15th May of every year.
	3. The transaction statements should be made available on the website for a period of atleast 12 months.
	For further information / clarification, DPs are requested to contact Mr. Kaushal Shah / Ms. Prajakta Sadekar on Tel. No. (022) 24994214 / 4483 (email: kaushals@nsdl.co.in / prajaktas@nsdl.co.in).
Circular No. NSDL/ NSDL/PI/2002/0398 Date : March 7, 2002	Participants were advised about the procedure for providing Transaction Statements on internet vide our Circular No. NSDL/PI/98/477 dated September 22, 1998. We have been receiving requests from some Participants to allow them to provide Transaction Statements through email as well. Participants may provide Transaction Statements to their Clients through Internet (web-based/email), provided an agreement has been executed with the Client as per the enclosed Annexure. Participant must implement Secure Socket Layer (SSL) security for their Internet facility featuring site authentication and encrypted communication.
	Annexure
	Agreement between the Participant and the Client for providing the Transaction Statement through Internet
	This agreement made and entered into this _____ day of _____ between _____ situated at _____ (hereinafter called "the Client") and _____ situated at _____ (hereinafter called "the Participant").

Witnesseth

WHEREAS the Client has permitted the Participant to provide the transaction statement through internet (web-based and/or email).

NOW THEREFORE in consideration of the Participant having agreed to provide the transaction statement through internet (web-based and/or email), both the parties to the agreement hereby covenant and agree as follows :

i.   The Participant shall install adequate systems to restrict the access of the transaction statement only to the Client.

ii.   The Client shall take all the necessary steps to ensure confidentiality and secrecy of the login name and password.

iii.   The Client is aware that the transaction statement may be accessed by other entities in case the confidentiality /secrecy of the login name and password is compromised.

iv.   In case the Client opts for transaction statement through email, it shall immediately inform the Participant about change in email address, if any. The Participant shall verify and confirm with the Client about the change. Further, the Participant shall confirm with the Client about validity of the email address atleast once in a year.

v.   The Client agrees not to receive Transaction Statement in paper form from the Participant. Provided however that, in case when the Participant is not able to provide Transaction Statement to its Clients through internet (web-based / email) due to any unforeseen problems, the Participant should ensure that the Transaction Statement reaches to the Client in physical form as per the time schedule stipulated in the Bye Laws & Business Rules of NSDL.

vi.   The Participant and the Client shall have the right to terminate this agreement after giving a notice of atleast 10 days to the other party.

vii.   The above terms and conditions are in addition to and not in contravention of the terms and conditions forming a part of the "AGREEMENT BETWEEN THE PARTICIPANT AND THE PERSON SEEKING TO OPEN AN ACCOUNT WITH THE PARTICIPANT" signed by the Client at the time of opening the account with the Depository.

IN WITNESS WHEREOF the Participant and the Client has caused these presents to be executed as of the day and year first above written.

Signed and delivered by

—————————————————————   ———————————

(for and on behalf of the Client)   (Witness)

Signed and delivered by

—————————————————————   ———————————

(for and on behalf of the Depository Participant)   (Witness)

Transaction Statements - Provisions through Internet	
Circular No. NSDL/PI/98/477 Date: September 22, 1998	We have been receiving requests from Participants to allow providing of transaction statements through Internet. Participants are requested to note that in case they desire to provide this service to their clients, they may do so provided an agreement is executed with the clients as per the format enclosed.

<div align="center">

Annexure

</div>

Agreement between the Depository Participant and the client for providing the Transaction Statement through Internet

This agreement made and entered into this _____ day of _____ between _____ situated at _____ (hereinafter called "the Client") and _____ situated at _____ (hereinafter called "the Depository Participant").

Witnesseth

WHEREAS the Client has permitted the Depository Participant to provide the transaction statement through internet.

NOW THEREFORE in consideration of the Depository Participant having agreed to provide the transaction statement through internet, both the parties to the agreement hereby covenant and agree as follows:

i.   The Depository Participant shall install adequate systems to restrict the access of the transaction statement only to the Client.

ii.   The Client shall take all the necessary steps to ensure confidentiality and secrecy of the log-in name and password.

iii.   The Client is aware that the transaction statement may be accessed by other entities in case the confidentiality/ secrecy of the login name and password is compromised.

iv.   The Depository Participant and the Client shall have the right to terminate this agreement after giving a notice of atleast 10 days to the other party.

v.   The above terms and conditions are in addition to and not in violation of the terms and conditions forming a part of the "Agreement between the Depository Participant and the person seeking to open an account with the Depository Participant" signed by the Client at the time of opening the account with the Depository.

IN WITNESS WHEREOF the Depository Participant and the Client has caused these presents to be executed as of the day and year first above written.

Signed and delivered by

_____   _____

(for and on behalf of the Client)   (Witness)

Signed and delivered by

_____   _____

(for and on behalf of the Depository Participant)   (Witness)

Internet-based Demat Account Statement - IDeAS	
Circular No. NSDL/POLICY/ 2007/0059 Date: October 5, 2007	**Sub: IDeAS Operational Manual for DPs** In continuation to NSDL Circular No. NSDL/POLICY/2007/0057 dated September 29, 2007 informing DPs that the *IDeAS* Users (Password/Smart Card) will be able to view the Value of the holdings (in INR) on *IDeAS*. NSDL is now pleased to inform the DPs that the *IDeAS* Operational Manual for DPs will now be available for download on SQLASSIST Intranet site of NSDL (//sqlassist/IDeAS Operational Manual). This operational manual will also be available for download to DP Users (i.e. Admin and Functional User) on NSDL *SPEED-e* website (https://speed-e.nsdl.com).
Circular No. NSDL/POLICY/ 2007/0057 Date: September 29, 2007	**Sub : Display Value of holdings to subscribers of IDeAS** As all Depository Participants (DPs) are aware, NSDL offers an Internet based facility called *IDeAS* **(Internet-based Demat Account Statement)** through its *SPEED-e* website **(https://speed-e.nsdl.com)**. *IDeAS* enables a Client to view the latest balances as well as the transactions that have taken place in the last thirty days in its demat account. *IDeAS* also features the facility of download of digitally signed monthly transaction statements. DPs are advised to refer to our various circulars (NSDL/PI/2003/2054, NSDL/PI/2004/1157, NSDL/PI/2005/1920, NSDL/POLICY/2006/0010 and NSDL/POLICY/2006/0045 dated December 20, 2003, June 29, 2004, October 7, 2005, March 24, 2006 and October 5, 2006 respectively) in this regard. NSDL is now pleased to inform the DPs that the *IDeAS* Users (Password/Smart Card) will be able to view the Value of the holdings (in INR) on *IDeAS* w.e.f September 29, 2007. This facility will be available for Beneficial Owners only. Value of the holdings will be displayed only for listed ISINs with the date of the prices used for calculation of the value. DPs are requested to disseminate the above information to their *IDeAS* Users. For further information, DPs can visit *SPEED-e* website **https://speed-e.nsdl.com** or contact Mr. Charles Mathew / Mr. Vinith Nair on Tel. No. (022) 2499 4482 / 4414.
Circular No. NSDL/POLICY/ 2006/0045 Date: October 5, 2006	**Sub : New feature in IDeAS - viewing of transactions** As all Participants are aware, NSDL offers an internet based facility called *IDeAS* **(Internet-based Demat Account Statement)** through https://speed-e.nsdl.com. *IDeAS* at present enables Clients **(Beneficial owners)** to view the latest balances and transactions that have taken place in the last five days, in their depository accounts. NSDL is pleased to inform that Clients will now be able to view the transactions for a period of past **30 days.** Clients can select the period upto 30 days from the current date, to view the transactions. Further, *IDeAS* also features the facility of download of digitally signed monthly transaction statements for a period of 12 months (Refer Circular No. NSDL/ POLICY/2006/0010 dated March 24, 2006). Participants are requested to disseminate the above information to their Clients.
Circular No. NSDL/PI/2004/1157 Date: June 29, 2004	NSDL launched *IDeAS* **(Internet-based Demat Account Statement)** w.e.f. January 1, 2004. *IDeAS* is a facility available on *SPEED-e* website for viewing balances and transactions in demat accounts (ref. Circular No. NSDL/PI/2003/

	2054 dated December 20, 2003). At present, subscribers to *IDeAS* (Beneficial owners) can view the latest balances and transaction that have taken place in the last five days in their depository accounts. Based on the feedback received from the users, Participants have requested NSDL to provide transaction statements on a monthly basis. Accordingly, NSDL is pleased to provide the facility to download the transaction statement on a monthly basis, to the subscribers of *IDeAS*, on a pilot basis, **w.e.f. July 1, 2004.** The transaction statements of a particular month will be available latest by 7th of the following month and will be available for download till the details of the following month are uploaded to *IDeAS*. It may be mentioned that if the subscription to *IDeAS* is during the month, transaction statement for that month will be for the period starting from the date of subscription till the end of that month.
Circular No. NSDL/PI/2003/2054 Date: December 20, 2003	NSDL launched *SPEED-e* in September 2001 to enable demat account holders to submit delivery instructions through Internet. NSDL is now pleased to announce the launch of a facility called **IDeAS (Internet-based Demat Account Statement)** w.e.f. January 1, 2004. IDEAS is a facility for viewing balances and transactions in demat accounts updated on an online but not real time basis. This facility is available to the users of *SPEED-e,* Clearing Members who have subscribed to SPEED and to those Clients whose Participants are registered for **IDeAS.** Salient features of **IDeAS:**
	(A) Clients (Beneficial Owners) :
	Clients can view the latest balances and transactions that have taken place in the last five days in their depository accounts. Print-out of the screen can also be taken.
	(B) Clearing Members (CMs):
	CMs will be able to view and download the latest balances and transactions in their pool accounts in respect of settlements for the current pay-in date, previous four and next four pay-in days.
	Other features for CMs:
	a. View ISIN-wise positions / transactions for a given market type and settlement number.
	b. View Delivery-out instructions which are in "overdue" status, for a given market type and settlement number.
	c. Download transactions in the Pool Account and import into back-office system to determine shortages for follow-up with clients.
	d. Download ISIN master to keep the back-office system up-to-date.
	Participants who wish to subscribe to **IDeAS** will have to pay one time Admission fee of Rs. 25,000/- and Annual fee of Rs. 10,000/- and Clients who wish to register for **IDeAS** will have to pay a quarterly fee of Rs. 10/-. Participants who have already subscribed to *SPEED-e* get **IDeAS** at no additional cost. However, Clients (who are already subscribers of *SPEED-e*) of such Participants who are desirous of subscribing to **IDeAS** will have to pay an additional quarterly fee of Rs. 5/- per account i.e. quarterly fee would be Rs. 30/- or Rs. 130/- for password users/smart card users respectively. In case Clients of such Participants wish to subscribe only to **IDeAS**, they will have to pay a quarterly fee of Rs. 10/- per account.

	Participants are hereby informed that they will be required to register Clients for **IDeAS** while registration of CMs will be done directly by NSDL. It may be mentioned that existing **SPEED-e** users (both password and smart card users) can register online for **IDeAS** by clicking on the "Change Service" link on **SPEED-e** website https://speed-e.nsdl.com and selecting '**IDeAS**'. After Participant authorises the request, users will be able to access **IDeAS** with the existing User Id and password.
	For further information, Participants can visit **SPEED-e** website https://speed-e.nsdl.com or contact Mr. Prashant Vagal/Mr. Pankaj Srivastava on Tel. No. (022) 56608037.

Exemption from sending physical transaction statement to subscribers of IDeAS

Circular No. NSDL/POLICY/ 2006/0010 Date: March 24, 2006	***Sub : Exemption from sending physical transaction statement to subscribers of IDeAS***
	As all Participants are aware, NSDL offers an Internet based facility called ***IDeAS (Internet-based Demat Account Statement)*** through its ***SPEED-e*** website (**https://speed-e.nsdl.com**). ***IDeAS*** can be availed of by a Beneficial Owner (Client) provided its Participant has subscribed to this service.
	IDeAS enables a Client to view the latest balances as well as the transactions that have taken place in the last five days in its demat account. ***IDeAS*** also features the facility of download of **digitally signed monthly transaction statements**. Participants are advised to refer to our various circulars (NSDL/ PI/2003/2054, NSDL/PI/2004/1157 and NSDL/PI/2005/1920 dated December 20, 2003, June 29, 2004 and October 7, 2005 respectively) in this regard. Clients can verify the digital signature of NSDL using a Signature Verification Utility. The detailed procedure regarding installation of Signature Verification Utility is available on ***SPEED-e*** website.
	NSDL is now pleased to inform the Participants that if a Client subscribes to ***IDeAS***, SEBI has permitted the Participants to discontinue providing physical transaction statements to their Clients. However, the Participants will be required to send a consolidated transaction statement, in physical form, for the entire financial year and the same shall be dispatched before 15th of May every year.
	To enable the Participants to service the Clients, NSDL proposes to maintain month-wise transaction statements for a period of 12 months on ***IDeAS***. Transaction statement for a particular month will be available for download latest by 7th of the following month (for eg. transaction statement of April 2006 will be available for download by May 7, 2006). However, if a Client subscribes to ***IDeAS*** during the month, the transaction statement for the broken period will be available in the next month i.e. if a Client subscribes on April 15, 2006, the transaction statement of April for that Client will show transactions from April 16-30, 2006 onwards. Participants are advised to bring the aforesaid changes to the notice of all their Clients.
	Participants who wish to subscribe to ***IDeAS*** will have to pay one time Admission fee of Rs. 25,000 and Annual fee of Rs. 10,000 and Clients who wish to register for ***IDeAS*** will have to pay a quarterly fee of Rs. 10. Participants who have already subscribed to ***SPEED-e*** get ***IDeAS*** at no additional cost. However, Clients (who are already subscribers of ***SPEED-e***) of such Participants who are desirous of subscribing to ***IDeAS*** will have to pay an additional quarterly

	fee of Rs. 5 per account i.e. quarterly fee would be Rs. 30 or Rs. 130 for password users/smart card users respectively. In case Clients of such Participants wish to subscribe only to *IDeAS*, they will have to pay a quarterly fee of Rs. 10 per account.
	For further information, Participants can visit *SPEED-e* website **https://speed-e.nsdl.com** or contact Mr. Prashant Vagal / Mr. Narayan Venkat on Tel. No. (022) 2499 4481 / 4479.
Transaction Statement - Controls on despatch	
Circular No. NSDL/PI/99/823 Date : October 20, 1999	All Participants are advised to ensure that the Transaction Statements required to be given to the clients as per Business Rule 14.3.1 of NSDL, are despatched directly to the addresses of clients as per the records (e.g account opening form) of the Participant and not through the franchisees / collection centres.
Transaction Statement - Provide transaction statement and not holding statement	
Circular No. NSDL/PI/2000/103 Date: January 31, 2000	As all Participants are aware, Transaction Statements are required to be given to all clients at fortnightly intervals. Further, if there is no transaction in the account, then the Participant has to provide the Transaction Statement to the client atleast once a quarter.
	NSDL has received complaints that in some cases only holding statements are issued to clients which do not indicate the transaction. This is a violation of NSDL's Byelaws and regulations. In this context, Participants are advised that the Transaction Statements be provided to the clients in the format prescribed in Annexure V of the Business Rules of NSDL.
	NSDL has also received complaints that in some cases clients have not been provided with the bill of charges while their accounts have been debited (as per authorisation given by clients). Participants are requested to provide such details to their clients.
Transaction Statement - RBI directive on providing Transaction Statement to Bank clients	
Circular No. NSDL/PI/2003/0308 Date : February 22, 2003	Participants may be aware that w.e.f. January 16, 2003, Reserve Bank of India (RBI) has decided to retail Government Securities through stock exchanges.
	RBI has, vide its letter no. IDMC No. 3212/10.26.65 / 2002-03 dated February 6, 2003 informed NSDL that the Department of Banking Operations and Development (DBOD) vide its circular dated January 16, 2003 has enabled banks to trade in government securities on the stock exchanges. RBI has further informed that the government securities maintained by the banks with the depositories will be included for Statutory Liquidity Ratio (SLR) purposes and SLR is required to be maintained on a daily basis. In view of this, Transaction Statements should be provided to banking Clients as of every Friday giving details of the securities held by them on each day of the week.
	Participants are therefore advised to provide Transaction Statements to their bank Clients, so as to enable them to comply with the requirements of RBI.
Transaction Statements - Footnote in the transaction statements sent to Clients	
Circular No. NSDL/PI/2004/2291 Date : December 23, 2004	Further to our Circular No. NSDL/PI/2004/1104 dated June 21, 2004, regarding insertion of footnote in the transaction statements sent to the Clients, all Participants are hereby informed that w.e.f December 24, 2004, transaction

	statements printed from DPM system will bear the prescribed text of the footnote.
	Further, transaction statements printed from the DPM system will also contain the "**client type**" and "**client sub type**". Participants who print transaction statements from their back office are advised to incorporate these features in their back office.
	This software release is planned on December 24, 2004.
Circular No. NSDL/PI/2004/1104 Date : June 21, 2004	As per the Bye Laws and Business Rules of NSDL, all Participants are required to provide transaction statements to their Clients.
	In this context, Participants are hereby advised to insert a footnote in the transaction statements stating that *"any discrepancy in the statement should be brought to the notice of _____ (name of the Participant) within one month from the date of the statement"*.

Providing Statement of transaction to Beneficial Owner consequent to account closure

Circular No. NSDL/POLICY/ 2006/0014 Date: May 11, 2006	All Participants are hereby advised that if a Beneficial Owner (Client) makes a request for closure of accounts, Participants should provide the Statement of Transaction (SOT) to such Client for the period from the beginning of the quarter in which the account is closed till the date of closure. Further, the SOT should bear the words "**Account Closed**" and should be prominent. For this purpose, Participants can affix a rubber stamp or create a suitable system that will clearly show on the SOT that the account has been closed.

Transaction Statements - Exemption from giving hard copies of transaction statements to Beneficial Owners by DPs

Circular No. NSDL/PI/2004/1514 Date: August 24,2004	As per the Bye Laws and Business Rules of NSDL, Participants are required to provide a transaction statement including statement of accounts, if any, to the Clients at monthly intervals, unless the Participant and its Clients have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Participant is required to provide such statement to the Client atleast once a quarter.
	In this regard, Participants are informed that SEBI has vide its Circular No. MRD/DoP/Dep/Cir-27/2004 dated August 16, 2004 (copy enclosed) clarified that Participants can be exempt from giving hard copies of transaction statements to beneficial owners subject to certain conditions.
	Participants may implement the above subject to the conditions contained in SEBI circular as well as the condition that such transaction statements is provided to Clients as per the frequency specified under the Bye Laws and Business Rules of NSDL.

Annexure

Deputy General Manager
Market Regulation Department
Email:-sundaresanvs@sebi.gov.in

MRD/DoP/Dep/Cir-27/2004
August 16, 2004

The Managing Director,
National Securities Depository Ltd.,
Trade World, 4th Floor, Senapati Bapat Marg, Lower Parel,
Mumbai - 400013

The Executive Director,
Central Depository Services (India) Ltd.,
Phiroze Jeejeebhoy Towers, 27-28th Floor, Dalal Street,
Mumbai - 400 023

Dear Sir/s,

Sub: Exemption of Depository Participants(DPs) from giving hard copies of transaction statements to Beneficiary Owners(BOs)

1. In terms of Regulation 43 of SEBI (Depositories & Participants) Regulations, 1996, every DP is required to provide statements of account to the BO in such form and in such manner and at such time as provided in the agreement with the BO.

2. Based on various representations received from the Depository Participants, it has been decided to permit the DPs to provide transaction statements and other documents to the BOs under Digital signature, as governed under the Information Technology Act, 2000, subject to the DP entering into a legally enforceable arrangement with the BO for the said purpose. The providing of transaction statements and other documents in the aforesaid manner would be deemed to be in compliance of the provisions of the Regulation 43 of SEBI (Depositories & Participants) Regulations, 1996. However if the BOs are still desirous of receiving statements in hard copy, the DPs shall be duty bound to provide the same.

3. The depositories are accordingly advised to ;

    3.1 Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be necessary/applicable.

    3.2 bring the provisions of this circular to the notice of the DPs of the Depository and also to disseminate the same on the website.

    3.3 communicate to SEBI the status of the implementation.

4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

    Yours faithfully,

    V S SUNDARESAN

Transaction Statements - Waiver from providing transaction statements	
Circular No. NSDL/PI/2005/1692 Date : September 9, 2005	Participants have been seeking clarification from NSDL whether they could discontinue providing transaction statement to a Client under the following conditions:
	1) The Client has given an account closure request to the Participant;
	2) The Client account has only those ISIN(s) in the account which is / are in 'suspended' status and / or pending rematerialisation request(s).
	3) The Client authorises the Participant to remove the standing instruction to receive credits in the account.

	If the above conditions are satisfied, Participants need not provide transaction statement to the Client, provided the Participant waives all charges viz., annual maintenance charges etc. on such accounts from the date of such discontinuation.
Circular No. NSDL/PI/2004/1515 Date: August 24, 2004	Participants have brought to the attention of NSDL that even after following the procedure prescribed in Circular No. NSDL/PI/2003/0309 dated February 22, 2003, dematerialisation requests pending disposal for a long time are not rejected. As a result, Participants continue to provide transaction statements as per NSDL Bye Laws and Business Rules. Participants have requested for waiver from this requirement. In this regard, Participants are advised to note that they need not provide transaction statements to such Clients, subject to the following: (a) The Client has requested the Issuer company to reject the dematerialisation request and return the physical securities (as prescribed under Circular No. NSDL/PI/2003/0309 dated February 22, 2003) to the Client directly. (b) The Client is not interested in getting the securities dematerialised. (c) The Client authorises the Participant to remove the standing instruction to receive credits in his/her account. (d) Participant waives all charges viz. annual maintenance charges etc. on such accounts.
SMS Alert Facility	
Circular No. NSDL/ NSDL/POLICY/ 2008/0042 Date: June 5, 2008	***Sub : Launch of SMS Alert Facility for Investors for Bonus and Sub-divison.*** As all Depository Participants (DPs) are aware, NSDL's SMS Alert facility for demat account holders enables investors to receive alerts for debits (transfers) to their demat accounts, credits in respect of IPO & offer for sale allotment and for failed instructions due to insufficient balance. With effect from June 5, 2008, SMS Alert facility for demat account holders has been further enhanced. Investors can now receive alerts in respect of credits pursuant to sub-division and bonus. The text of SMS alerts being sent to the account holders is as follows: **Sub-division** "___ sub-divided shares of _____ (Company Name/ISIN as the case may be) credited on "Execution date" to your demat a/c no xxxx5678. Check with your DP or on IDEAS website if subscribed - NSDL" **Bonus** "___ shares of _____ (Company Name/ISIN as the case may be) credited on "Execution date" to your demat a/c no xxxx5678 in respect of Bonus. Check with your DP or on IDEAS website if subscribed - NSDL" The revised details of this facility and the terms & conditions thereof are given in the enclosed annexure.

Annexure

SMS Alert facility for NSDL demat account holders

Introduction

NSDL has launched SMS Alert facility for demat account holders whereby investors can receive alerts for debits (transfers) to their demat accounts, credits for IPO and offer for sale allotment, sub-division and bonus. Alerts are also sent in case the instructions given by investors for debiting their demat accounts fail due to insufficient balance. Under this facility, investors can receive alerts, a day after such debits (transfers) take place or debit instruction failing as the case may be and on the same day when such credits take place. These alerts are sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). Alerts for debits are sent, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, alerts are sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP or on *IDeAS* website, if the investor is an *IDeAS* subscriber.

Benefits

1.   Investors will get to know about debits and credits for IPO and offer for sale allotment, sub-division, bonus and failed debit instructions due to insufficient balance without having to call-up their DPs.

2.   Investors need not wait for receiving Transaction Statements from DPs to know about such debits and credits.

3.   In case of any discrepancy, the investor can approach its DP for clarification sooner.

Charges

No charge is levied by NSDL on DPs for providing this facility to investors.

Registration

This facility is available to investors who request for such a facility and provide their mobile numbers to the DPs. In case mobile numbers already given have changed, investors need to inform their DPs about the new numbers by way of written requests. Investors who have not yet provided their mobile numbers to their DPs can also avail this facility by intimating their mobile numbers to their DPs and submit a written request for this facility. This facility is not available to investors who have registered mobile numbers originating outside India.

Thus, this facility will be available to the investors provided they have given their mobile numbers to their DPs and the DPs have captured the numbers in the computer system and have also enabled (ticked) the SMS flag in their system.

Contact

The investors may contact their respective DPs in case they do not receive SMS alert inspite of registering for this facility. Those investors who have provided their mobile numbers to their DPs but do not wish to avail this facility may also inform their DPs.

For further details / information investors may contact us at:
Investor Relationship Cell
National Securities Depository Limited
4th Floor, A Wing, Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
Tel.: (022) 2499 4200 / 4090 4200 Fax: (022) 2497 6351
Email: relations@nsdl.co.in

Terms and Conditions

1.1 Definition

In these Terms and Conditions, the following terms shall have the following meanings:

"Alerts" or "Facility" means the customized messages with respect to specific events/transactions relating to an Investor's Account sent as Short Messaging Service ("SMS") over mobile phone to the Investor;

"Investor" means the person who holds an Account;

"Account" means the demat account of the Investor with NSDL maintained through its Depository Participant;

"ISIN" means an International Securities Identification Number assigned to a security;

"CSP" means the cellular service provider through whom the Investor or NSDL receives the mobile services.

1.2 Availability

1.2.1 NSDL at its sole discretion may discontinue the Facility at any time by providing a prior intimation through its website or any other medium of communication. NSDL may at its discretion extend the Facility to investors who register mobile phones originating outside India.

1.2.2 The Alerts would be generated by NSDL and will be sent to the investors on the mobile number provided by the investor and the delivery of the Alert would be entirely based on the service availability of the service provider and connectivity with other cellular circles of the CSPs or in circles forming part of the roaming GSM network agreement between such CSPs. The Alerts are dependent on various factors including connectivity and, therefore, NSDL cannot assure final and timely delivery of the Alerts.

1.2.3 The investor will be responsible for the security and confidentiality of his/her Mobile Phone and mobile phone number to be used for this Facility.

1.3 Process

1.3.1 This Facility provides Alerts to investors over mobile phones for the debits (transfers), credits for IPO and offer for sale allotment, sub-division and bonus that have taken place in their accounts. Alerts are also sent in case the instructions given by investors for debiting their demat accounts fail due to insufficient balance. Under this Facility, investors can receive Alerts, a day after such debits (transfers) take place or debit instruction failing as the case may be and on the same day when such credits take place. These Alerts will be sent to those investors who have requested for such a Facility and have provided their mobile numbers to their Depository Participants. Alerts will be sent for debits, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, Alerts will be sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP or on IDeAS website, if the investor is an IDeAS subscriber. Investors who have provided their mobile numbers to Depository Participants but do not wish to avail of this Facility may do so by informing their Depository Participants accordingly.

1.3.2 The investor is duty bound to acquaint himself/herself with the detailed process for using the Facility and interpreting the Alerts for which NSDL is not responsible for any error/omissions by the investor.

1.3.3 The investor acknowledges that the Alerts will be implemented in a phased manner and NSDL may at a later stage; as and when feasible, add more Alerts. NSDL may, at its discretion, from time to time change the features of any Alert. The investor will be solely responsible for keeping himself/herself updated of the available Alerts, which shall, on best-effort basis, be notified by NSDL through its website or any other medium of communication.

1.4 Receiving Alerts

1.4.1 The investor is solely responsible for intimating in writing to his/her Depository Participant any change in his/her mobile phone number and NSDL will not be liable for sending Alerts or other information over his/her mobile phone number recorded with NSDL.

1.4.2 The investor acknowledges that to receive Alerts, his/her mobile phone must be in an 'on' mode. If his/her mobile is kept 'off' for a specified period from the time of delivery of an Alert message by NSDL, that particular message may not be received by the investor.

1.4.3 The investor acknowledges that the Facility is dependent on the infrastructure, connectivity and services provided by the CSPs within India. The investor accepts that timeliness, accuracy and readability of Alerts sent by NSDL will depend on factors affecting the CSPs and other service providers. NSDL shall not be liable for non-delivery or delayed delivery of Alerts, error, loss or distortion in transmission of Alerts to the investor.

1.4.4 NSDL will endeavor to provide the Facility on a best effort basis and the investor shall not hold NSDL responsible/liable for non-availability of the Facility or non performance by any CSPs or other service providers or any loss or damage caused to the investor as a result of use of the Facility (including relying on the Alerts for his/her investment or business or any other purposes) for causes which are attributable to /and are beyond the control of NSDL. NSDL shall not be held liable in any manner to the investor in connection with the use of the Facility.

1.4.5 The investor accepts that each Alert may contain certain account information relating to the investor. The investor authorizes NSDL to send any other account related information, though not specifically requested, if NSDL deems that the same is relevant.

1.5 Withdrawal or Termination

1.5.1 NSDL may, in its discretion, withdraw temporarily or terminate the Facility, either wholly or in part, at any time. NSDL may suspend temporarily the Facility at any time during which any maintenance work or repair is required to be carried out or incase of any emergency or for security reasons, which require the temporary suspension of the Facility.

1.5.2 Not withstanding the terms laid down in clause 1.5.1 above, either the investor or NSDL may, for any reason whatsoever, terminate this Facility at any time. In case the investor wishes to terminate this Facility, he/she will have to intimate his/her Depository Participant accordingly.

1.6 Fees

1.6.1 At present, NSDL is levying no charge for this Facility on the Depository Participants. The investor shall be liable for payment of airtime or other charges, which may be levied by the CSPs in connection with the receiving of the Alerts, as per the terms and conditions between the CSPs and investors, and NSDL is in no way concerned with the same.

1.7 Disclaimer

1.7.1 This Facility is only an Alert mechanism for the investors and is not in lieu of the Transaction Statements required to be provided by the Depository Participant to its clients.

	1.7.2 NSDL shall not be concerned with any dispute that may arise between the investor and his/her CSP and makes no representation or gives no warranty with respect to the quality of the service provided by the CSP or guarantee for timely delivery or accuracy of the contents of each Alert. 1.7.3 The investor shall verify the transactions and the balances in his/her account from his/her Depository Participant and not rely solely on Alerts for any purpose. 1.7.4 NSDL will not be liable for any delay or inability of NSDL to send the Alert or for loss of any information in the Alerts in transmission. **1.8 Liability** 1.8.1 NSDL shall not be liable for any losses, claims and damages arising from negligence, fraud, collusion or violation of the terms herein on the part of the investor and/ or a third party.
Circular No. NSDL/POLICY/ 2007/0058 Date: September 29, 2007	***Sub : Regarding launch of SMS Alert Facility for Investors for credits*** As all Depository Participants (DPs) are aware, NSDL has launched SMS Alert facility for demat account holders whereby investors can receive alerts for debits (transfers) to their demat accounts. In continuation of NSDL Circular Nos. NSDL/POLICY/2007/0046 dated August 10, 2007 and NSDL/POLICY/2007/ 0053 dated September 21, 2007, all DPs are requested to note that SMS Alert facility for demat account holders has been further enhanced wherein investors can receive alerts for credits that have taken place in their demat accounts in respect of corporate actions for IPO and offer for sale. In such cases, the following message is being sent to the account holders: *" _____ (number of shares) shares of _____ (Company Name) credited to your demat a/c no_____ (Client ID) on _____ (date, dd/mm/ yy) in respect of Public Offer…NSDL"* The revised details of this facility and the terms & conditions thereof are given in the enclosed annexure.
Circular No. NSDL/POLICY/ 2007/0053 Date: September 21, 2007	***Sub : Communication to investors -Regarding launch of SMS Alert Facility for Investors*** As all Depository Participants (DPs) are aware, NSDL has launched SMS Alert facility for demat account holders whereby investors can receive alerts for debits (transfers) to their demat accounts. In continuation of NSDL Circular No. NSDL/POLICY/2007/0046 dated August 10, 2007, all DPs are hereby advised to note that SMS alert facility for demat account holders has further been enhanced wherein cases of debits (transfers) for more than five ISINs, alerts are being sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP or on ***IDeAS*** website, if the investor is an ***IDeAS*** subscriber. In such cases, the following message is being sent to the account holders : *"Securities of more than 5 companies (ISINs) debited from ur demat a/c No _____ (Client ID) on _____ (date, dd/mm/yy). Check details with ur DP or on IDeAS website if subscribed..NSDL"*

	In order to create Client awareness and facilitate Clients to enroll for the SMS Alert facility, all DPs are advised to communicate the following message alongwith the transaction statement sent to their Client accounts (Active or Frozen) for the month / quarter ended September 2007:
	"NSDL has launched SMS Alert facility for demat account holders whereby investors can receive alerts for debits (transfers) to their demat accounts. Under this facility, investors can receive alerts for the debits (transfers) that have taken place in their demat accounts, a day after the debit (transfer). The alerts are sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs) and DPs have activated such a facility in the computer system. These alerts are sent giving details, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, alerts are sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP or on *IDeAS* website, if the investor is an *IDeAS* subscriber. Please contact us for more information and enrollment for SMS Alert facility"
Circular No. NSDL/POLICY/ 2007/0046 Date: August 10, 2007	*Sub : Launch of SMS Alert Facility for Investors* All Participants are hereby informed that NSDL is making a soft launch of **SMS Alert Facility** from August 10, 2007 whereby a few investors on a pilot basis will be able to receive alerts for debits (transfers) taking place in their demat accounts. The full fledged roll out of this facility for all investors will commence on September 1, 2007. The details of this facility and the terms & conditions thereof are given in the enclosed annexure. For those demat accounts where investors have intimated their mobile numbers to their Participants with a request for activating the SMS facility and the Participant has accordingly captured the mobile number and enabled the SMS flag (ticked) in the DPM system, the SMS Alert Facility will be activated. Participants are requested to note that the mobile number captured in the DPM system should be a ten digit number with the first digit as "9". Participants are advised to maintain records of those Clients who have opted for this facility. Those Clients who have given their mobile numbers to their Participants and do not wish to avail this facility may inform their Participants. Accordingly, the Participants should disable the SMS flag (untick).

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NOTES

NOTES

6. Internal Controls/Reporting to NSDL/SEBI

a. General

Regulation 46	Every participant shall have adequate mechanism for the purposes of reviewing, monitoring and evaluating the participant's internal accounting controls and systems.
Regulation 48	Every participant shall submit periodic returns to the Board and to every depository in which it is a participant in the format specified by the Board or the bye-laws of the depository, as the case may be.
Bye Law 6.3.6	The Participant shall submit the following returns to the Depository: i. net worth certificate computed in a manner laid down in the Business Rules duly certified by a Chartered Accountant on the annual audited accounts of the Participant; ii. In case the Participant is a clearing member of the clearing corporation of any exchange, the details regarding any suspension/termination or defaults or any disputes in relation to its dealings with such clearing corporation within two working days of such an event; iii. number of complaints received from Clients, their nature, status and manner of redressal once every month; iv. number of transfers effected for off-market settlement of trades once every month.
Bye Law 10.2.1. Circular No. NSDL/PI/2002/1538 Date: September 11, 2002	Each Participant shall furnish to the Depository every year, a copy of its audited financial statement within a period of one month after the balance sheet and profit and loss account have been placed before the company at the Annual General Meeting (AGM) or within six months from the end of the Participant's financial year, whichever is earlier. Provided that when the Depository is satisfied that circumstances warrant an extension of time to furnish such report, it may grant such extension to the Participant.
Clause 16 of NSDL- DP Agreement	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.
Rule 5.2.3	Each Participant shall conduct a review, at least annually, of its business relating to the operations of the Depository, which shall be reasonably designed to assist in detecting and preventing violation of and achieving compliance of the Bye Laws and Business Rules of the Depository.
Written communication to NSDL	
Circular No. NSDL/PI/2005/1393 Date : August 3, 2005	Attention of Participants is invited to our circular no. NSDL/PI/2002/1528 dated September 9, 2002, wherein Participants were advised to send all written communication to NSDL, duly signed by its compliance officer or any senior officials mentioning the name and designation. However, it has been observed that a few Participants are not adhering to the above circular even after repeated reminders to them. In view of the foregoing, NSDL would like to advise the Participants to strictly ensure compliance of the above circular failing which any correspondence received from the Participants would not be acted upon by NSDL.
Circular No. NSDL/PI/2002/1528 Date : September 9, 2002	NSDL has been receiving letters from Participants without mentioning the name and designation of the person who has written the letter. Such letters are being signed by an Authorised Signatory.

	In this regard, all Participants are hereby informed that all communications to NSDL should be written either by the Compliance Officer or by any other senior official of the Participant, clearly mentioning the name & designation of such person.
	All Participants are further advised to provide details of their existing Compliance Officers alongwith their specimen signatures, as per the form enclosed, latest by September 20, 2002. In case of change of Compliance Officer, Participants are advised to inform NSDL by submitting the enclosed form alongwith a letter signed by the existing Compliance Officer of the Participant or by any other official (e.g. Director of the company, Head of the Depository operations, etc.) senior to the Compliance Officer.

Compliance Officer details

Circular No. NSDL/PI/2005/2550
Date : December 29, 2005

Sub : Compliance Officers details

All Participants are hereby informed that NSDL is in the process of updating the details pertaining to compliance officers of Participants. In this regard, Participants are advised to provide the details alongwith their specimen signatures, as per the enclosed format, latest by **January 7, 2006** as well as send a soft copy of the same at participant-interface@nsdl.co.in

In case of change of Compliance Officer, Participants are advised to inform NSDL by submitting the enclosed form alongwith a letter signed by the existing Compliance Officer of the Participant or by any other senior official (e.g. Director of the company, Head of the Depository operations, etc.).

Annexure

Details of the Compliance Officer

Date	
Name of the Participant	
DP Id	
Address - Row 1 - Building/Tower/Chamber/Mansion	
Address Row 2 - Street/Road	
Address Row 3 - Area Name	
Address - City Name	
Address - Pin Code	
Telephone Code	
Board Tel Nos	
Board Fax Nos	
Name of Compliance Officer	
Designation	
Specimen Signature	
Direct Tel No	
Extension no	
Mobile number	
Email Address of compliance officer	
Alternate Compliance Officer (if any)	
Designation	

	Specimen Signature	
	Direct Tel No	
	Extension no	
	Mobile number	
	Email Address of alternate compliance officer	
	Please note that all fields are mandatory	
	Participant Seal	

Submission of Compliance Certificate by Participants

Circular No. NSDL/POLICY/ 2006/0023 Date : July 6, 2006	**Sub : Submission of Compliance Certificate by Participants**

Sub : Submission of Compliance Certificate by Participants

As all Participants are aware, as SEBI registered Intermediaries, Participants are required to comply with the following:

(i)   The Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Guidelines / Directives / Instructions issued by SEBI, the Government of India and other Regulatory Bodies from time to time;

(ii)   The Bye Laws & Business Rules and various circulars issued by NSDL, from time to time.

Further, Participants are required to comply with the provisions of Prevention of Money Laundering Act, 2002 and the rules and guidelines issued, thereunder.

In this regard, Participants are advised to submit a '**Compliance Certificate**' to NSDL in the format given in Annexure I, duly signed and stamped by the Compliance Officer of the Participant, at half yearly intervals (January to June and July to December to be submitted by July 31 and January 31 of every year respectively).

Annexure I
(To be provided on DP's letterhead)

Date:_____

To
The Vice President
Business Partner Inspection Department
National Securities Depository Limited
Trade World, A Wing, 5th floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel
Mumbai - 400 013.

Dear Sir,

Sub : Compliance Certificate for the period _____ to _____

I _____ (name of the Compliance Officer) hereby certify that the depository operations of _____ (DP Name and DP Id) are in compliance with all applicable laws and especially with respect to the following:

(a)   The Depositories Act, 1996;

(b)   The SEBI (Depositories and Participants) Regulations, 1996;

(c)   The Bye Laws and Business Rules of NSDL.

(d)   Directives / Circulars / Clarifications / Guidelines issued by SEBI, the Government of India, Regulatory Bodies and NSDL, from time to time.

	(e) Prevention of Money Laundering Act, 2002 and the Rules and Guidelines notified thereunder by SEBI or Statutory / Regulatory Authorities.
	Activities in which the company has not been in Compliance, if any, are as under:
	a)
	b)
	c)
	d)
	In respect of the areas of non- compliance, the following steps have been taken so as to ensure compliance in future.
	a)
	b)
	c)
	d)
	Name and Designation of Compliance Officer :
	Signature of Compliance Officer :
	DP Id :
	Stamp of the DP :

Acknowledgment by NSDL for submission of Compliance reports by Depository Participants

Circular No. NSDL/POLICY/ 2006/0050 Date : October 19, 2006	*Sub : Acknowledgment by NSDL for submission of Compliance reports by Depository Participants*
	Depository Participants (DPs) are required to submit various reports such as Internal Audit, Concurrent Audit, Investor Grievances, KYC, Compliance certificates etc. to the different departments of NSDL to meet the respective compliance requirements. In this regard, DPs are requested to note that with effect from November 1, 2006, the recipient department of NSDL will give an acknowledgment about the receipt of the report(s) at the email address of the Compliance Officer.
	In view of the above, DPs are requested to submit the email id(s) of the Compliance Officer, if not submitted earlier or if there are any changes at participant-interface@nsdl.co.in (Refer Circular No. NSDL/PI/2005/2550 dated December 29, 2005).

Format for filing charge structure

Circular No. NSDL/POLICY/ 2007/0003 Date: January 8, 2007	*Sub : Format for filing charge structure with NSDL every year by April 30*
	Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ PI/2006/0064 dated December 26, 2006 (copy enclosed) regarding filing of charge structure with NSDL and penalty therefor in case of non-compliance.
	The details of charge structure should be provided as per the enclosed format (in MS Excel) and e-mailed to NSDL at dpfees@nsdl.co.in
	Further, any subsequent changes (addition/deletion/modification) in the charge structure of the DP should also be intimated to NSDL in the above format, at the above e-mail Id before such changes become effective.

Annexure

DP Name	Statutory charges at the time of account opening	Advance/ Deposit	Account Maintenance	Demat	Remat	Transaction (Debit)	Pledge Creation	Pledge Creation confir- mation	Pledge Closure	Pledge Closure confir- mation	Pledge Invo- cation	Failed instru- ction charges	Other charges, if any	Remarks

Audited networth certificate - Financial statement	
Circular No. NSDL/POLICY/ 2008/0017 Date : March 19, 2008	All Participants are hereby notified that Bye Law 6.2.1 (iv) of the Bye Laws of NSDL has been amended, as under: 6.2.1 (iv) The Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees three crore. Provided further that in case of non-banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply. Provided, however, that if the Participant is already acting as a Participant on March 14, 2008, it will be required to fulfill this requirement by March 31, 2009. Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;
Circular No. NSDL/PI/2003/1979 Date : December 11, 2003	All Participants are hereby notified that Rules 21.1.1 (i), 21.2.2.1 (i), (iii) & (iv) of the Business Rules of NSDL have been amended and will come into effect from January 1, 2004. Further, Annexure A pertaining to computation of networth has also been amended. The revised Rules 21.1.1 (i), 21.2.2.1 (i), (iii) & (iv) and Annexure A are enclosed.

Amendments to Business Rules

21.1.1.	**FEE FOR DISTRIBUTION OF NON-CASH CORPORATE BENEFITS**	
i.		In case of offers for sale by an offerer or disinvestments by GOI or issue of shares arising out of bonus, rights, public issues, shares split, merger, demerger, etc., a fee at the rate of Rs. 10/- per record shall be charged to the Issuer, subject to a minimum fee of Rs. 500 per corporate action.
		Provided however that **with effect from January 1, 2004,** in case of offers for sale by an offerer or disinvestment by GOI, bonus, rights, public issues, preferential issue, split, merger, demerger, capital reduction, redemption, etc., a fee at the rate of Rs. 8/- per record for debits or credits to accounts as the case may be, shall be charged to the Issuer, subject to a minimum fee of Rs. 500 per corporate action.
21.2.2.1.	**Settlement fee:**	
i.		A settlement fee at the rate of Rs. 10 per debit instruction in a Client's account shall be charged to the Participant of the Client.
		Provided however that **with effect from January 1, 2004,** a settlement fee at the rate of Rs. 8 per debit instruction in a Client's account shall be charged to the Participant of the Client.
ii.		A settlement fee at the rate of Rs.10 per debit instructionfor transfer of securities by way of inter-settlementtransfers in the CM Account(s) shall be charged to theParticipant.
		Provided however that **with effect from January 1,2004,** a settlement fee at the rate of Rs.8 per debitinstruction for transfer of securities by way of inter-settlement transfers in the CM Account(s) shall be charged to the Participant.
iii.		A settlement fee at the rate of Rs.10 per debit instruction for transfer of securities from the CM account of a Clearing Member to the CM account of another Clearing Member shall be charged to the Participant of the delivering Clearing Member. Provided however **that with effect from January 1, 2004,** a settlement

fee at the rate of Rs.8 per debit instruction for transfer of securities from the CM account of a Clearing Member to the CM account of another Clearing Member shall be charged to the Participant of the delivering Clearing Member.

Provided further that no settlement fee shall be charged :

a. in respect of commercial papers and short term debt instruments such as certificate of deposits, MIBOR linked papers etc.; and

b. in case of :

   i. transfers necessitated by transmission on death of the Client; and

   ii. transfer of the accounts of Clients from one Participant to another as a consequence of expulsion or suspension of such Participant

Annexure 'A' of the Business Rules of NSDL:

COMPUTATION OF NETWORTH

Sr. No	Particulars	Current Year (Rs.)	Previous Year (Rs.)
	Paid-up Capital + Free Reserves - Share Application Money (total reserves less Revaluation Reserves and Specified Reserves)		
	Less:		
A	Accumulated Losses		
B	Receivable (more than 6 months old)		
C	Receivable from Group Companies		
D	Intangible Assets		
E	Preliminary and Preoperative expenses not written off		
F	Value of Stock Exchange Card		
G	Loan in excess of value of Pledged Securities		
H	Loan in excess of value of Pledged Assets		
I	Investment in Group Companies		
J	Networth required for other depositories		
K	Loans and advances to group Companies		
L	Statutory Contingent Liabilities		

Notes:

1. Details of item mentioned under Sr. no. C, F, G, H, I, K and L shall be provided as annexure to the certificate.
2. In case of statutory contingent liabilities, only 50% of the liabilities shall be deducted.
3. In case of Bank DPs, if provisions for NPAs have been made as per RBI guidelines and Auditor's certificate to this effect has been provided, no deduction to be made for receivables more than six months old.
4. Security-wise details of all investments (quoted as well as unquoted securities) shall be provided as annexure to the certificate.

The applicant for Participantship should submit a certificate of Net worth computed in accordance with these guidelines from the Chartered Accountant in the following format:

CERTIFICATE FOR PARTNERSHIP FIRMS

This is to certify that the Networth of M/s _____ as on _____ as per the statement of computation of even date annexed to this report is Rupees _____ only.

It is further certified that the computation of Networth based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Place:

Date:

For (Name of Accounting Firm)

Name of Partner

Chartered Accountant

Membership Number

CERTIFICATE FOR INDIVIDUALS

This is to certify that the Networth of Mr/Ms _____ as on _____ as per the statement of computation of even date annexed to this report is Rupees _____ only.

It is further certified that the computation of Networth based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Place:

Date:

For (Name of Accounting Firm)

Name of Partner

Chartered Accountant

Membership Number

	CERTIFICATE FOR CORPORATES
	This is to certify that the Networth of _____ as on _____ as per the statement of computation of even date annexed to this report is Rupees _____ only.
	It is further certified that the computation of Networth based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.
	Place:
	Date:
	For (Name of Accounting Firm)
	Name of Partner
	Chartered Accountant
	Membership Number

Off-market transactions report

Circular No. NSDL/PI/98/002 Date: January 1, 1998	Attention of the Participants is invited to Bye Law 6.3.6 (iv) of NSDL, in terms of which the Participants are required to submit a return pertaining to the number of transfers effected for off-market settlement of trades once every month. Since such information is available at the DM in the electronic form, the Participants need not submit the same in a paper form separately. NSDL, however, reserves the right to call for such information from the Participants at any point of time.

b. Internal / Concurrent Audit

Bye Law 10.3.1	Every Participant shall ensure that an internal audit in respect of its depository operations is conducted at intervals of not more than six months by a qualified Chartered Accountant or a Company Secretary holding a Certificate of Practice and a copy of the internal audit report shall be furnished to the Depository.
Circular No. NSDL/POLICY/ 2008/0077 Date: November 3, 2008	*Sub: Internal and Concurrent Audit for depository operations.* Attention of all Participants is invited to recent amendment in Bye Law 10.3 of NSDL communicated vide circular no. NSDL/POLICY/2008/0072 dated October 17, 2008 which prescribes that every Participant shall ensure that its depository operations are audited by a qualified Chartered Accountant or a Company Secretary holding a Certificate of Practice. Such audit should be conducted atleast twice a year and a copy of the report should be submitted to NSDL. In view of the above change, various circulars issued till date by NSDL having impact on scope of internal / concurrent audit and format of the audit report and findings during review of audit reports submitted by Participants, various requirements related to internal and concurrent audit have been consolidated for the benefit of Participants and their auditors. The consolidated guidelines are enclosed as **Annexure 1.** 1. The amended schedule for submission of Internal Audit Report (IAR) is given below-

Period of Internal Audit	Due date for submission of report to NSDL
April 1 to September 30	November 15
October 1 to March 31	May 15

2. The Participants which remain operational for less than three months in an audit period should submit audit report for that audit period along with the audit report for next audit period.

For example, if a Participant is made operational by NSDL on July 5, 2009, then it should submit first audit report for period - July 5, 2009 to March 31, 2010. If the Participant was made operational on June 26, 2009 then it should submit its first IAR for period - June 26, 2009 to September 30, 2009.

3. Participants may note that submission of 'Concurrent Audit' report prescribed vide Circular No. NSDL/POLICY/2006/0021 dated June 24, 2006 is in addition to the requirement of submission of IAR. Participants may also note that if internal audits and concurrent audits are being done by same auditor, then a consolidated report can be submitted instead of two separate reports. If concurrent audit report is to be submitted separately, frequency of such report shall be same as that of IAR.

4. As prescribed vide Circular No. NSDL/POLICY/2006/0021 dated June 24, 2006, scope of concurrent audit includes account opening, control and verification of Delivery Instruction Slips (DIS). Concurrent audit for all these areas should be done by the next working day. If audit cannot be completed by next working day due to large volume, it must be completed within a week. The concurrent audit report must cover these areas. The guidelines provided in Annexure 1 for above areas are applicable for concurrent audit also.

5. Participants are hereby informed that internal and/or concurrent audit reports which are not as per guidelines will be treated as non submission of the report. NSDL reserves the right to advise a Participant to change it's auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

6. Participants are advised to note that the guidelines provided in this circular are applicable from **October 1, 2008.** The Participants may submit audit reports for July - September 2008 quarter as per the guidelines existing prior to issuance of this circular, on or before December 31, 2008. First half yearly audit should be conducted for period October 1, 2008 to March 31, 2009 and report for this audit should be submitted to NSDL latest by May 15, 2009.

7. A training program shall be conducted shortly for internal / concurrent auditors by NSDL. Schedule and details of the program shall be communicated later. Participants may advise their auditors to take benefit of the program.

8. Participants may encourage their auditors to acquire NCFM - Depository module qualification.

Annexure 1

A. Objectives of internal audit: -

The following are the broad objectives of` internal audit for depository operations -

(a) To assure the management that the operations of the Participant are in compliance with the requirements of The Depositories Act, 1996, SEBI (Depositories & Participants) Regulations, 1996, NSDL Bye Laws and Business Rules, its agreement with the Client and NSDL and various circulars issued by NSDL from time to time.

(b) To assure management that the DPM is managed and maintained in a manner that there is no threat to business continuity, integrity of data processing system is maintained at all times and methods are put in place to ensure that records are not lost, destroyed or tampered with or in the event of loss or destruction of data, sufficient backup of records is available at all times.

(c) To assure management that the capacity of computer system, staff strength and internal procedures are commensurate with the level of business activity.

(d) To assure management and NSDL that the business operations of the Participant are conducted in a manner that the foreseeable risks are addressed with appropriate internal control mechanism.

(e) To assure management that the operations are conducted in a manner that there is no loss of revenue and receivables are received promptly.

(f) To assure management and NSDL that the business operations of the Participant are conducted as per the operations manual and in strict adherence with NSDL prescribed procedures.

B. Audit program: -

Internal audit program should cover all facets of the depository operations. Auditor may expand the scope of audit / add more audit points to achieve the objectives listed above. Participants are advised to extend full co-operation to their auditors to enable them to perform an effective audit. All circulars / guidelines issued by NSDL / SEBI from time to time and other information / records desired by the auditors should be made available to them within a reasonable time.

IAR must contain auditor's observation on all the audit points given below:

1. Operations Manual

The Operations Manual prepared by the Participant should be reviewed by the auditor. The Operations Manual should have organization chart showing hierarchy of the staff members involved in depository activities, a chart showing accountability at each level, segregation of duties, maintenance of records and documents, procedure to be followed for reporting exceptional issues related to systems (e.g. problem in hardware or any component of hardware/ software, backup, UPS, telephone line, reducing hard disk space, decreasing speed of machine, etc.) and operations (e.g. failure in executing delivery instructions, failure of transactions leading to auction of clients, delay in confirmation back to clients, loss of certificates sent for demat, frauds, misappropriation of securities

etc.), procedure to comply with the requirements related to anti-money laundering, Compliance Certificate etc.

Auditor shall certify -

1.1. Whether Operations Manual covers all depository activities?

1.2. Whether the Operations Manual is updated as and when required?

1.3. Whether the Operations Manual is available to persons who need to refer it?

1.4. Whether procedures mentioned in the Operations Manual are followed?

1.5. Whether there are procedures / systems in place to ensure compliance with guidelines?

Auditor may refer following circulars:

a) Circular No. NSDL/POLICY/2006/0025 dated July 6, 2006- Submission of information to Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA).

b) Circular No. NSDL/POLICY/2007/0017 dated March 22, 2007- Important-Mandatory comments in IAR and Clarification for Concurrent Audit Report.

c) Circular No. NSDL/POLICY/2007/0039 dated July 11, 2007 - Amendment to the Rules framed under the PMLA.

d) Circular No. NSDL/POLICY/2007/0055 dated September 25, 2007- Submission of details of all places from where depository services are offered and approval of new branches and franchisees in the prescribed format.

e) Circular No. NSDL/POLICY/2008/0003 dated January 17, 2008- SEBI's advise to Depositories and its Participants on Compliance with PMLA and Rules framed there-under.

The auditor should review the Operations Manual atleast once in a year (in first half yearly audit) and provide his comments in report. If the Participant has not prepared the Operations Manual, auditor should mention this fact in the report and management comments should be obtained.

2. **Anti Money Laundering**

2.1. Whether the Participant has complied with the relevant laws, rules and instructions on Anti Money Laundering?

While commenting on this area, auditor shall also mention whether the Participant has drawn up a policy for implementation of Anti-Money Laundering mechanism and has appointed a 'Principal Officer'. If the Participant has not drawn up a policy and/or has not appointed a Principal Officer, auditor shall mention this fact in the report and management comments shall be obtained.

Auditor may refer following circulars:

a) Circular No. NSDL/POLICY/2006/0025 dated July 17, 2006- Submission of information to FIU-IND under PMLA.

b) Circular No. NSDL/POLICY/2007/0017 dated March 22, 2007- Important-Mandatory comments in IAR and Clarification for Concurrent Audit Report.

c) Circular No. NSDL/POLICY/2007/0039 dated July 11, 2007- Amendment to the Rules framed under the PMLA.

d) Circular No. NSDL/POLICY/2008/0003 dated January 17, 2008- SEBI's advice to Depositories and its Participants on Compliance with PMLA and Rules framed there-under.

e) Circular No. NSDL/POLICY/2008/0052 dated July 26, 2008 Filing of Suspicious Transaction Report (STR) to FIU-IND under PMLA.

3. Audit of Account opening

3.1 Whether the Participant has undertaken necessary due diligence to comply with the 'Know Your Client' (KYC) norms, 'in-person' verification, maintenance of records of 'in-person' verification, Permanent Account Number (PAN) verification, verification of original documents, etc., as prescribed by SEBI / NSDL for all categories of accounts?

Auditor may refer following circulars:

a) Circular No. NSDL/PI/2001/1307 dated August 27, 2001- Speed-e accounts.

b) Circular No. NSDL/POLICY/2006/0005 dated February 7, 2006- KYC compliance.

c) Circular No NSDL/POLICY/2007/0071 dated November 12, 2007- Modification of Account Opening Form & DIS - Incorporation as per FIU-IND under PMLA guidelines.

d) Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007- Master Circular on 'Account Opening' - Version 1.

e) Circular No. NSDL/POLICY/2008/0018 dated March 24, 2008- Guidelines on opening of Trust accounts.

f) Circular No. NSDL/POLICY/2008/0030 dated April 30, 2008- SEBI's clarification on 'In-person' verification of Beneficial Owner (BO) at the time of account opening.

g) Circular No. NSDL/POLICY/2008/0037 dated May 27, 2008- Clarification on acceptance of copy of the bank statement as proof of address.

h) Circular No. NSDL/POLICY/2008/0040 dated June 4, 2008- Clarification with respect to capturing of landmark details under the address field in the DPM.

3.2 Whether data entered in DPM is exactly matching with the details mentioned in the account opening form?

3.3 Whether signature of the client on the account opening form is exactly same as that scanned in DPM? (Circular No. NSDL/POLICY/2007/0002 dated January 4, 2007).

For points 3.2 and 3.3 above, auditor should randomly verify data entered in the DPM and the signature(s) of the client(s) scanned vis a vis the details in the account opening form(s).

Auditor shall record the findings in following manner:

i)   Number of accounts verified:

ii) Number of accounts where signature scanned and/or data entered matches:

iii) Number of accounts where signature and /or data entered do not match:

3.4 Whether PAN is verified and captured in DPM as per prescribed procedure? (Circular No.NSDL/POLICY/2007/0026 dated May 10, 2007).

3.5 Whether the Participant has executed utilities provided by NSDL at regular intervals and has taken necessary actions? (Circular Nos.NSDL/POLICY/2006/0042, NSDL/POLICY/2006/0047, NSDL/POLICY/2006/0057 dated September 23, 2006, October 16, 2006 and November 24, 2006 respectively).

4.   Audit of changes in Client Master details

4.1 Whether changes in Client Master details (i.e. change of address, change of signature and change in bank details / Nomination / Transmission / Closure / Freezing / Unfreezing etc.) are being done as per prescribed procedure?

Auditor may refer following circulars:

a) Circular No. NSDL/PI/2002/0365 dated March 4, 2002- Closure of account with Zero Balances.

b) Circular No. NSDL/PI/2002/2175 dated December 18, 2002- Closure of account wherein request received on Plain Paper.

c) Circular No. NSDL/PI/2003/0309 dated February 22, 2003- Closure of account wherein demat is pending.

d) Circular No. NSDL/POLICY/2006/0068 dated December 29, 2006- Closure of account with zero balance after December 31, 2006 that are frozen due to non compliance of PAN requirements.

e) Circular No. NSDL/POLICY/2007/0005 dated January 18, 2007- Clarification- Obtaining/Capturing of PAN details in the DPM in case of transmission in depository account.

f) Circular No. NSDL/POLICY/2007/0006 dated January 23, 2007- Capturing of PAN details in the DPM in case of transmission in depository account.

g) Circular No. NSDL/POLICY/2007/0030 dated June 18, 2007- Requirement of submission of Transaction Statement for various depository related activities.

h) Circular No. NSDL/POLICY/2007/0077 dated December 19, 2007- Master Circular on 'Account Opening' - Version 1

i) Circular No. NSDL/POLICY/2008/0034 dated May 21, 2008- Procedure to be followed by Participants on Minor attaining majority.

j) CircularNo.NSDL/POLICY/2008/0040 dated June 4, 2008 - Clarification with respect to capturing of landmark details under the address field in the DPM System

k) Circular No. NSDL/POLICY/2008/0066 dated September 29, 2008-Deadline for closure of PAN non-compliant BO accounts with no security balances.

4.2 Whether the Participant has collected the requisite documents to claim waiver of settlement fees consequent to transfer of securities with respect of SEBI directive on account closure? (Circular No. NSDL/POLICY/2007/0060 dated October 5, 2007).

5. Audit of demat requests

5.1. Whether demat requests received are sent to Issuer/ Registrar & Transfer agent within seven days from the date of receipt of the request from the clients?

5.2. Whether controlling office/service centers have a provision for safekeeping of security certificates received from clients for dematerialisation and security certificates received after rejection of the demat request from Issuer/Registrar & Transfer Agent?

6. Audit of delivery instructions

6.1. Whether prescribed guidelines are followed for issuance, acceptance and execution of instruction slips (including Inter-depository instruction slips and Pledge slips)?

6.1.1. Issuance of DIS

The procedure followed by the Participants for -

a) Issuance of DIS booklets to clients including loose slips.

b) Existence of controls on DIS issued to clients including pre-stamping of Client Id and unique pre-printed serial numbers.

c) Record maintenance for issuance of DIS booklets (including loose slips) in the back office.

6.1.2. Verification of DIS

The procedure followed by the Participants for -

a) Date and time stamping (including late stamping) on instruction slips.

b) Blocking of used/reported lost/stolen instruction slips in back office system / manual record.

c) Blocking of slips in the back office system / manual record which are executed in DPM directly.

d) Two step verification for a transaction for more than Rs. 5 lakh especially in case of off-market transactions.

e) Instructions received from dormant accounts.

Auditor may refer following circulars:

a) Circular No. NSDL/PI/98/519 dated October 13, 1998- Date and time stamping.

b) Circular No. NSDL/PI/2002/0740 dated May 9, 2002- Fax instructions.

c) Circular No. NSDL/PI/2003/0406 dated March 7, 2003 & Circular No. NSDL/PI/2004/1911 dated October 21, 2004- Late stamping.

d) Circular No. NSDL/PI/2004/1401 dated August 5, 2004- Guidelines on issuance/re-issuance and acceptance of DIS.

e) Circular No. NSDL/POLICY/2007/0011 dated February 15, 2007- SEBI circular on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode.

f) Circular No. NSDL/POLICY/2007/0030 dated June 18, 2007- Requirement of submission of Transaction Statement for various depository related activities.

g) Circular No NSDL/POLICY/2007/0071 dated November 12, 2007- Modification of Account Opening Form & DIS - Incorporation of details as per FIU-IND under PMLA guidelines.

h) Circular No. NSDL/POLICY/2008/0002 dated January 11, 2008- Procedure for execution of transactions based on receipt of electronic instructions.

i) Circular No. NSDL/POLICY/2008/0004 dated January 24, 2008- Facility for submitting consolidated DIS accompanied by computer print-outs by Power of Attorney holder on behalf of its Clients.

j) Circular No. NSDL/POLICY/2008/0011 dated February 29, 2008- SEBI circular on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode.

7. Audit of other transactions/services

7.1. Whether transaction statements are provided to the clients as per prescribed guidelines?

7.1.1. Whether the transaction statements are generated from back office or DPM?

7.1.2. If generated from back office, whether the details match with statement generated from DPM?

Auditor may refer following circulars:

a) Circular No. NSDL/PI/2000/103 dated January 31, 2000- Format of transaction statement.

b) Circular No. NSDL/PI/2002/0398 dated March 7, 2002- Transaction statement through internet.

c) Circular No. NSDL/PI/2003/0308 dated February 22, 2003- RBI directive on providing Transaction Statement to Bank clients.

d) Circular No. NSDL/PI/2004/1104 dated June 21, 2004- Footnote in transaction statement sent to client.

e) Circular No. NSDL/PI/2004/1514 dated August 24, 2004- Exemption from giving hard copies of transaction statements to BO by Participants.

f) Circular No. NSDL/PI/2004/2291 dated December 23, 2004- Features to be incorporated in back office "client type" and "client sub type".

g) Circular No. NSDL/PI/2005/1692 dated September 9, 2005- Conditions for Exemption from sending transaction statements.

h) Circular No. NSDL/PI/2005/2088 dated October 28, 2005- Dispatch of transaction statement.

i) Circular No. NSDL/POLICY/2006/0010 dated March 24, 2006- Exemption from sending physical transaction statement to subscribers of IDeAS.

j) Circular No. NSDL/POLICY/2006/0014 dated May 11, 2006- Providing Statement of transaction to BO consequent to account closure.

k) Circular No. NSDL/POLICY/2008/0036 dated May 21, 2008- Providing Transaction Statements to clients by email or on website.

8. Audit of branch / franchisee

8.1. Whether depository related activities carried out by branch / franchisee (whether offering the services as a service centre, collection centre, drop box centre or called by any other name) are in accordance with procedure/system explained in Operations Manual? Auditor may visit the branches / franchisees and ensure compliance of the same. (Circular No. NSDL/PI/ 2005/2088 dated October 28, 2005).

8.2. Whether NCFM qualified person is available at each branch / franchisee? If no, then the number of branches/franchisees where qualified person is not available should be mentioned in the report? (Circular No. NSDL/POLICY/2007/0067 dated November 1, 2007).

8.3. Whether NSDL's approval has been obtained for all the branches / franchisees opened during the audit period?

8.4. Whether the prescribed procedure has been followed for any branch / franchisee closed / terminated during the audit period? (Circular no. NSDL/PI/2002/0346 dated February 26, 2002).

8.5. Whether the branches / franchisees handling more than 5000 accounts have direct electronic connectivity with the office of the Participant, which is directly connected to the Depository? (Circular No. NSDL/POLICY/2007/0055 dated September 25, 2007).

8.6. Which methodology is adopted by the Participant with respect to records maintained pertaining to each depository activity (Account opening forms, DIS, DIS requisition slips, DIS issuance register, etc.)? Auditor shall comment 'centralised' if records are maintained at controlling office and 'decentralised' if records are maintained at various centres. Auditor shall list

down each activity with methodology of record keeping commented against it.

9. Back office software

9.1. Whether there is a mechanism in place whereby the balances as per back office system are reconciled on a daily basis with the DPM? (Circular no. NSDL/PI/2005/2088 dated October 28, 2005).

10. Audit of DPM Procedures

10.1. Whether necessary measures have been adopted as per Circular No. NSDL /PMC/Email- 62/05 dated May 3, 2005 to ensure business continuity of the Participant? (Circular No. NSDL/PI/ 2005/1898 dated October 5, 2005).

11. Audit of Client Billing

Auditor may refer Circular No. NSDL/PI/2005/2392 dated December 6, 2005.

12. Exceptional Reporting

12.1. In addition to above mentioned points, auditor shall verify all other depository related operational areas including supplementary agreements/power of attorney executed with clients, handling of investor grievances, records and documents maintained, format of stationery, information on timely submission of reports/dues, etc. and shall submit only an exceptional report with a statement that "All other operational areas have been verified and found satisfactory and the exceptions are mentioned hereunder". Report shall point out findings and conclusions, recommendations, reservations, qualifications, areas where internal controls are weak/do not exist, areas where internal controls exist, but exceptions are observed.

C. Audit report: -

In addition to comments on above-mentioned 12 mandatory audit points, the audit report should also contain the following:

1. A certification by the auditor that

   a. 100% verification is carried out for demat account opening (i.e. all accounts opened during the audit period).

   b. 100% verification is carried out for controls over issuance of DIS booklets including loose slips (all DIS issued from controlling office and all branch / franchisees).

   c. At least 25% of the DIS processed is verified (Circular no. NSDL/ POLICY/2006/0021 dated June 24, 2006 and NSDL/POLICY/ 2007/0017 dated March 22, 2007). Auditor shall mention the exact percentage of samples verified.

2. Samples verified for other depository activities such client master changes, demat requests, pledge instructions etc.

3. If any major/significant deviations and deviations of recurring nature are observed, then these should be highlighted in the audit report.

4. If the observation is in the nature of a deviation or a recommendation, management response should be sought and

	recorded in the report. (Circular No. NSDL/PI/2001/0467 dated April 4, 2001).
	5. Comments by the auditor on whether the Participant has complied with all the observations noted during last NSDL visit. (Circular No. NSDL/PI/2001/0847 dated June 15, 2001).
	6. Comment on the issues for which NSDL has specifically sought auditor's certification to be included in IAR.
	7. Comment by auditor on whether there were any pending compliances on deviations reported by auditor in last audit report on which management has assured to take necessary action, if yes, whether same has been complied with. If no, auditor should highlight on the deviations which continue to be non-complied.
	8. Comments on improvements made in the operations since last audit. (Circular No. NSDL/PI/2001/0847 dated June 15, 2001).
	9. Approximate man hours spent and level of persons engaged in this work.
	10. A statement by the auditor that this circular was read, understood and the IAR is based on the guidelines given in this circular.
	11. A statement by the auditor that the auditor is neither related to officials of the Participant and/or does not have any interest in the management of the Participant nor has any partner/proprietor in the firm who is also a Participant official.
	12. Auditor's membership number should be mentioned at the end of the report.
	It may be noted that for the purpose of compliance with Bye Law 10.3 of NSDL, the audit must be conducted in accordance with the aforesaid guidelines.
	The circulars referred above under various head are indicative and not exhaustive.
Circular No. NSDL/POLICY/ 2007/0017 Date: March 22, 2007	*Sub : Important-Mandatory comments in Internal Audit Report and Clarification for Concurrent Audit Report.* Attention of Depository Participants (DPs) is invited to revised NSDL Circular no. NSDL/POLICY/2006/0027 dated July 17, 2006 regarding guidelines in respect of internal audit of the Depository Participant (DP) operations. In this regard, some of the important areas of Internal Audit Report are **reiterated** for the attention and necessary action to be initiated by DPs: **1) Internal Audit Report (IAR)** **(I) Compliance with regard to submission of IAR in revised format and comment on compliance letters sent by NSDL:** a) IAR should be submitted strictly as per the revised format given in NSDL Circular No. NSDL/POLICY/2006/0027 dated July 17, 2006; b) Auditor has to comment on the issues for which NSDL vide its compliance letters has specifically asked for auditor's certification. Non-compliance with the point nos. (I) a and b will be considered as non-submission of IAR and penalty will be levied accordingly.

(II) **Audit Points to be included in IAR with effect from quarter ending December 2006:**

   a) The auditor should mandatorily comment on the execution of utilities and the action taken by the DPs with respect to NSDL Circular Nos. NSDL/POLICY/2006/0042,NSDL/POLICY/2006/0047, NSDL/POLICY/2006/0057 dated September 23, 2006, October 16, 2006 and November 24, 2006 respectively.

   b) Report on the signature(s) matched and deviation found, if any, with respect to signature(s) of the Client(s) scanned in the DPM Application Software against the signature(s) on the account opening form(s) (Refer Circular No. NSDL/POLICY/2007/0002 dated January 4, 2007).

   c) DPs are advised to inform their internal auditors to add the following area to point no. 6. Audit of Service Centres of Circular no. NSDL/POLICY/2006/0027 dated July 17, 2006:

   Point No. 6. regarding Audit of Service Centres:

   6.3. Certify that franchisee outlet(s) has / have been opened by the Depository Participant pursuant to NSDL approval.

   These audit points should be included in the IAR with effect from quarter ending December 2006 to be submitted by March 31, 2007.

(III) **Mandatory comments required by Internal Auditor in IAR**

   It has been observed that in the IAR submitted for the quarter ending September 2006, internal auditors have **not commented** or audit report has not been found in order as mentioned in the circular no. NSDL/ POLICY/2006/0027 dated July 17, 2006 in certain areas such as availability of operational manual, Anti Money Laundering Measures adopted by the DP, exception reporting etc.

   In view of the deficiencies observed, it is reiterated that all DPs are advised to communicate to their internal auditor to mandatorily comment upon the given below areas as mentioned in revised circular no. NSDL/POLICY/2006/0027 dated July 17, 2006:

   a) Certify the operation manual covering all depository activities of the DP, ensuring compliance with relevant NSDL guidelines;

   b) Compliance related with the relevant laws, rules and instructions on Anti Money Laundering Measures (Refer Circular No. NSDL/ POLICY/2006/0025 dated July 17, 2006);

   c) Exceptional reporting;

   d) Improvements brought about in the operations between the last audit and the current audit;

   e) Management comment on the deviations pointed out by the internal auditor;

   f) DP's compliance with all observations noted during NSDL visit.

2) **Clarification regarding Concurrent Audit Report (CAR)**

   Attention of DPs is invited to NSDL Circular no. NSDL/POLICY/2006/

	0021 dated June 24, 2006 regarding Concurrent Audit of account opening, control and verification of Delivery Instruction Slips (DIS).

DPs have sought clarification whether the requirement of 100% Concurrent Audit applies to control and verification of DIS as well. It is clarified as follows:

(a) 100% verification needs to be carried out only in respect of account opening.

(b) As regards Delivery Instruction Slips (DIS) :

   (i) auditor should carry out 100% verification with respect to control over issuance and acceptance of DIS booklets including loose slips; however

   (ii) with respect to verification (execution and processing) of DIS, auditor should verify atleast 25% of the DIS processed. The sample percentage checked in this regard should be mentioned in the CAR.

     Deviation and/or non-compliance observed in the aforesaid areas should be mentioned in the CAR by the Concurrent Auditor. The top Management of the DP should comment on the observations made by the Concurrent Auditor.

(3) Consolidated report for CAR and IAR, in case auditor is the same entity:

If the Auditor for Internal and Concurrent Audit is the same entity, consolidated report should be submitted on quarterly basis (time frame for submission CAR and IAR is mentioned in Circular No. NSDL/POLICY/2006/0027 dated July 17, 2006). |
| Circular No. NSDL/POLICY/ 2006/0021 Date : June 24, 2006 | *Sub : Concurrent Audit - Account opening, Control and Verification of Delivery Instruction Slips*

Attention of Participants is invited to NSDL Circular no. NSDL/PI/2002/1271 dated July 30, 2002 regarding the scope of internal audit and subsequent amendments / modifications intimated vide various circulars from time to time. All Participants are advised that w.e.f. August 1, 2006, the process of demat account opening, control and verification of Delivery Instruction Slips (DIS) shall be subject to **Concurrent Audit**. In this regard, Participants are advised as follows:

1. Appoint a firm of qualified Chartered Accountant(s) or Company Secretary(ies) holding a certificate of practice for conducting the concurrent audit. Participants in case they so desire, may entrust the concurrent audit to their Internal Auditors.

2. In respect of account opening, the auditor should verify all the documents including KYC documents furnished by the Clients and verified by the officials of the Participant (Refer Circular Nos. NSDL/PI/2002/ 1271 dated July 30, 2002, NSDL/PI/2004/1622 dated September 7, 2004, NSDL/POLICY/2006/0005 dated February 7, 2006 and NSDL/POLICY/ 2006/0007 dated March 3, 2006).

3. The scope of concurrent audit with respect to control and verification of DIS should cover the areas given below: |

(I) Issuance of DIS

The procedure followed by the Participants with respect to :

(a) Issuance of DIS booklets including loose slips.

(b) Existence of controls on DIS issued to Clients including pre-stamping of Client Id and unique pre-printed serial numbers.

(c) Record maintenance for issuance of DIS booklets (including loose slips) in the back office.

(II) Verification of DIS

The procedure followed by the Participants with respect to :

(a) Date and time stamping (including late stamping) on instruction slips;

(b) Blocking of used/reported lost/stolen instruction slips in back office system / manual record.

(c) Blocking of slips in the back office system / manual record which are executed in DPM directly.

(d) Two step verification for a transaction for more than Rs. 5 lakh, especially in case of off-market transactions.

(e) Instructions received from dormant accounts.

In this regard, Participants are requested to refer Circular Nos. NSDL/PI/2002/1271 dated July 30, 2002 and NSDL/PI/2004/1401 dated August 5, 2004.

4. The Concurrent Auditor should conduct the audit in respect of all accounts opened, DIS issued and controls on DIS as mentioned above, during the day, by the next working day. In case the audit could not be completed within the next working day due to large volume, the auditor should ensure that the audit is completed within a week's time.

5. Any deviation and/or non-compliance observed in the aforesaid areas should be mentioned in the audit report of the Concurrent Auditor. The Management of the Participant should comment on the observations made by the Concurrent Auditor.

6. The Concurrent Audit Report should be submitted to NSDL, on a quarterly basis, in a hard copy form, at the address given hereunder. Further, the time frame for submission of concurrent audit would be same as mentioned in our Circular No. NSDL/PI/2002/1271 dated July 30, 2002. However, the first concurrent audit report for the month of August and September 2006, should be submitted alongwith Internal Audit report for the quarter ending September 2006.

The Vice President
Business Partners Inspection Department
National Securities Depository Limited
Trade World, A-Wing, 5th floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel
Mumbai - 400 013.

7. Participants may note that if the Auditor for Internal and Concurrent Audit is the same, consolidated report may be submitted.

Circular No. NSDL/PI/2000/515 Date : April 20,2000	Attention of all Participants is invited to Bye Law 10.3 of the Bye Laws of NSDL which states that every Participant shall ensure that an internal audit shall be conducted in respect of the operations of the Depository by a qualified Chartered Accountant or a Company Secretary holding a Certificate of Practice at intervals of not more than three months and a copy of the internal audit report shall be furnished to the Depository. Attention is also invited to Circular No. NSDL/PI/98/51 dated February 6, 1998 wherein the schedule for submission of internal audit reports and broad contents of internal audit report were specified.
	SEBI (Depositories and Participants) Regulations, 1996, require that every Participant should have adequate mechanism for the purpose of reviewing, monitoring and evaluating internal controls and systems. Further, the Regulations also require certain set of records to be maintained by every Participant. It is expected that internal audit is conducted with the objective of assuring the Participant that the unmanaged residual risk in the business operations is minimum, operations are in compliance with the requirements of SEBI (Depositories & Participants) Regulations, 1996, NSDL's Bye Laws, Business Rules and the agreement with the clients. On the basis of inspection of the operations of the participants over the past two years and the review of internal audit reports submitted by participants, it is found necessary to state in detail the objectives and the contents of an internal audit report.

Internal Audit - Management comments

Circular No. NSDL/PI/2001/0467 Date : April 4, 2001	Attention of all Participants is invited to our Circular No. NSDL/PI/2000/515 dated April 20, 2000 regarding objectives and contents of an internal audit report. Participants are hereby informed that the internal audit reports which do not have management comments on the adverse observations made by auditors will be treated as non submitted reports and penalty will be imposed on the Participants accordingly

c. Grievance Redressal

Clause 24 of NSDL-DP Agreement	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, 1996

Grievance redressal - Reporting

Circular No. NSDL/PI/2004/1688 Date : Sept. 16,2004	This is further to our circular nos. NSDL/PI/2003/1871 and NSDL/PI/2004/0183 dated November 25, 2003 and January 29, 2004 respectively relating to submission of Investor Grievance (IG) Reports by Depository Participants (DPs).
	As it has been observed that IG Reports are not received from many of the DPs in the prescribed format, it is once again advised that:
	1. IG report for a given month must be submitted by the 10th of the following month.
	2. IG Report may be furnished electronically i.e. via email at dp_igreport@nsdl.co.in from the email Id of the compliance officer only. Email address of compliance officer should be provided to NSDL - Investor Relations Cell. Alternatively, the report can be submitted in hard copy.

<table>
<tr><td rowspan="6"></td><td colspan="2">3.   IG Report must be furnished in the specified format. A copy of the same is enclosed for ready reference.</td></tr>
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	3.	IG Report must be furnished in the specified format. A copy of the same is enclosed for ready reference.
	4.	Where the complaints are in respect of closure of account such as disputes / disagreements regarding charges, difficulties encountered in closing the account etc., they should be classified as complaints relating to "Account Closure". Requests for account closure should not be treated as grievance.
	5.	Similarly, any complaints pertaining to pledge or to demat accounts maintained by clients should be categoried as grievance under "Pledge" / "Account - related", as the case may be. Requests received for pledge, change of address, change in bank details etc. should not be treated as grievance.
	6.	Where the DP has not received any investor grievance /complaint in a given month, a nil report should be submitted.

Further, it has also been observed that while referring an investor grievance to NSDL or replying to NSDL referred investor grievance, the DPs do not furnish complete details. To ensure faster redressal of investor grievances, DPs are advised as under:

1.   Furnish vital details such as DP Id (especially where DP has multiple set-ups), client ID, client name, name of Issuer (if applicable), DRN / RRN / Order Nos. (if applicable) etc.

2.   Quote NSDL's reference number while replying.

Annexure
IG report format for DPs

Circular no. NSDL/PI/98/500 dated October 6, 1998
Circular no. NSDL/PI/2001/0191 dated January 31, 2001
Circular no. NSDL/PI/2003/1871 dated November 25, 2003

DP Name: **DP Id:**

IG Report for the month of

Nature of Complaint	No of cases pending at the beginning of the month	No of cases received during the month	No of cases resolved during the month	Manner of Redressal	No of cases pending at the end of the month	No of cases pending for more than 30 days	Reason for pendency as shown in column(6)
	(1)	(2)	(3)	(4)	(5) = (1+2-3)	(6)	(7)
Account Related (non receipt of statement of transaction / holding, charges, changes in the details of the account, freeze/ unfreeze, nomination, etc)							

	(1)	(2)	(3)	(4)	(5) = (1+2-3)	(6)	(7)
Account closures							
Auction							
Pledge							
Errorneous Transfers							
Demat related (delay in demat, non receipt of physical documents after rejection of DRN)							
Rematerialisation							
Non Cash Corporate Actions (NCCA) viz., bonus, rights, etc							
Cash Corporate Action (CCA) viz., dividends, interest, etc							
Others (specify)							

Circular No. NSDL/PI/2003/1871 Date : November 25, 2003	Attention of Participants is invited to Bye Law 6.3.6 (iii) of the Bye Laws of NSDL which requires every Participant to submit to the Depository a report giving number of complaints received from Clients, nature of complaints, status and manner of redressal, every month (latest by 10th of the following month). Participants are hereby informed that with effect from January 1, 2004, the aforesaid report can be submitted to NSDL either electronically (via e-mail) or in hard copy form. Such details can be e-mailed to NSDL at dp_igreport@nsdl.co.in. For submitting the reports electronically, we advise the Participants to provide the e-mail Id of the compliance officer to NSDL and ensure that the report is submitted only from the e-mail Id of that person. All Participants are therefore advised to provide e-mail Id's of compliance officers latest by December 1, 2003.
Circular No. NSDL/PI/2001/0191 Date: January 31, 2001	With reference to our Circular No. NSDL/PI/98/500 dated October 6, 1998, attention of all Participants is once again invited to Regulation 20(2)(e) of SEBI (Depositories and Participants) Regulations, 1996 which states that the Participant shall redress the grievances of beneficial owners within thirty days of the date of the receipt of the complaint and keep the Depository informed about the number and the nature of redressals. Attention is also invited to Bye Law 6.3.6 (iii) of NSDL Bye Laws which states that the Participant shall submit to the Depository the number of complaints received from Clients, their nature, status and manner of redressal once every month. Participants are advised to submit this report every month to Mr. Harpinder Saini, Officer-In-Charge, Investor Grievance Cell, NSDL latest by 10th of the following month. In case there are no grievances, a nil report should be submitted.
Circular No. NSDL/PI/98/500 Date : October 6, 1998	Attention of all Participants is invited to Regulation 20(2)(e) of SEBI (Depositories and Participants) Regulations, 1996 which states that the participant shall redress the grievances of beneficial owners within thirty

	days of the date of the receipt of the complaint and keep the depository informed about the number and the nature of redressals. Attention is also invited to Bye Law 6.3.6 (iii) of NSDL Bye Laws which states that the Participant shall submit to the Depository the number of complaints received from Clients, their nature, status and manner of redressal once every month.
	Participants are advised to submit this report every month to Mr. Harpinder Saini, Officer-In-Charge, Investor Grievance Cell, NSDL on or before 10th of the following month. In case there are no grievances, a nil report should be submitted.

d. Termination of Participant

Procedure- Termination of Participant	
Bye Laws 6.5.4 (viii)	The Participant, upon cancellation of the certificate of registration by the Securities and Exchange Board of India, shall issue a public notice in one national English daily newspaper and in one vernacular daily newspaper, informing the public about the closure of its depository operations. In case of termination of operations of the Participant by the Depository, such public notice may be issued by the Depository at the cost of the Participant

e. SEBI Annual Fees

Schedule of payment of SEBI Annual Fees	
Circular No. NSDL/PI/2003/0021 Date: January 3, 2003	Attention of Participants is invited to Regulation 20(2)(f) of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and Part A and Part B of the second schedule thereunder, regarding payment of annual fees of Rs. 1000/- by Participants to Securities and Exchange Board of India (SEBI).
	At present, NSDL collects this fee by way of banker's cheque/demand draft for Rs. 1000/- in favour of "Securities and Exchange Board of India" and forwards the same to SEBI in April and October every year. Participants are hereby informed that SEBI annual fees will be included in the bill of February 2003 (in case of Participants registered with SEBI between October and March) and August 2003 (in case of Participants registered with SEBI between April and September) for onward remittance to SEBI.

f. Information to SEBI

Weekly demat information to SEBI not to be furnished	
Circular No. NSDL/PI/2003/2056 Date : December 20, 2003	SEBI has vide its circular no. SEBI/MRD/DEP/Cir-44/2003 dated December 12, 2003 informed NSDL that henceforth, Participants need not furnish the information to SEBI as prescribed in SEBI circular no. SMDRP/DRP/Cir-30/99 dated August 25, 1999 regarding processing of application for dematerialisation. Participants are advised to take note of the same.

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7. Grievance Redressal

Regulation 20 (1) (e)	The participant shall redress the grievances of beneficial owners within thirty days of the date of receipt of the complaint and keep the depository informed about the number and the nature of redressals	
Business Rule 18.1.1(21)	**Nature of Non-Compliance**	**Penalty**
	Monthly report as required under Bye Law 6.3.6 (iii) to be submitted every month (latest by 10th of the following month)	Rs. 25 per day till the date of submission of the report by the Participant.
Clause 16 of DP-Client Agreement	The Depository Participant undertakes to resolve all legitimate grievances of the Client against the Depository Participant within a period of thirty days.	
SEBI Circular - Exclusive E-mail Id for redressal of Investor Complaints		
Circular No. NSDL/POLICY/ 2006/0066 Date: December 27, 2006	*Sub : SEBI Circular - Exclusive E-mail Id for redressal of Investor Complaints* Attention of Depository Participants (DPs) is invited to SEBI Circular No. MRD/DoP/Dep/SE/Cir-22/06 dated December 18, 2006 with respect to designating an exclusive e-mail ID of the grievance redressal division / compliance officer in which the investors would be able to register their complaints and also take necessary follow-up actions as necessary. Copy of the SEBI circular is enclosed for your information and necessary action. For the information of DPs, NSDL has already designated an exclusive email ID i.e. relations@nsdl.co.in for registration of investor complaints. **Annexure** **GENERAL MANAGER** **MARKET REGULATION DEPARTMENT** MRD/DoP/Dep/SE/Cir-22/06 December 18, 2006 1. All Stock Exchanges 2. NSDL 3. CDSL Dear Sir/s, **Sub: Exclusive e-mail ID for redressel of Investor Complaints.** 1. SEBI has been mandated, inter-alia, under the SEBI Act, 1992 to protect the interests of investors in the Indian securities market. To this end, several investor protection measures and regulatory reforms have been initiated by SEBI from time to time for the benefit of investors and to make the Indian securities market a more transparent and safer place for their investments.	

2. In the recent past, SEBI has been receiving representations from various investors requesting for a direct and quicker forum for enabling them to register their complaints expeditiously with the intermediaries/listed companies/stock exchanges. It has also been observed in several cases that pursuant to registering a complaint, the investors do not have any mode for a follow-up or monitoring the processing of their complaints.

3. In order to address the aforesaid representations, it is felt desirable to designate an exclusive e-mail ID of the grievance redressel division / compliance officer in which the investors would be able to register their complaints and also take necessary follow-up actions as necessary. Such a process would not only expedite the redressal of the complaints of the investors but also enable several investors across the country to register their complaints through a single, centralized, exclusive e-mail ID that is designated for the purpose.

4. Accordingly, all the stock exchanges/registered brokers/registered sub-brokers/listed companies/depositories/registered depository participants are advised to designate an e-mail ID of the grievance redressel division/compliance officer exclusively for the purpose of registering complaints by investors. The above entities are also advised to display the email ID and other relevant details prominently on their websites and in the various materials/pamphlets/advertisement campaigns initiated by them for creating investor awareness.

5. The Stock Exchanges are advised to :

   5.1 make necessary amendments to the relevant bye-laws, rules and regulations and clauses of the listing agreement for the implementation of the above decision immediately;

   5.2 bring the provisions of this circular to the notice of the member brokers/clearing members of the exchange/listed companies and also to disseminate the same on their websites; and

   5.3 communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

6. The depositories are advised to:-

   6.1 bring the provisions of this circular to the notice of the DPs of the depositories and also to disseminate the same on their websites;

   6.2 include the details of the e-mail ID in the advertisement campaigns released by them from time to time for better understanding of the investors;

   6.3 make necessary amendments to the relevant bye-laws and business rules for the implementation of the above decision immediately, as may be applicable/necessary; and

   6.4 communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report

	7. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
	Yours faithfully,
	V S SUNDARESAN

Grievance redressal - reporting

| Circular No. NSDL/PI/2004/1688 Date : Sept. 16,2004 | This is further to our circular nos. NSDL/PI/2003/1871 and NSDL/PI/2004/0183 dated November 25, 2003 and January 29, 2004 respectively relating to submission of Investor Grievance (IG) Reports by Depository Participants (DPs).

As it has been observed that IG Reports are not received from many of the DPs in the prescribed format, it is once again advised that:

1. IG report for a given month must be submitted by the 10th of the following month.

2. IG Report may be furnished electronically i.e. via email at dp_igreport@nsdl.co.in from the email Id of the compliance officer only. Email address of compliance officer should be provided to NSDL - Investor Relations Cell. Alternatively, the report can be submitted in hard copy.

3. IG Report must be furnished in the specified format. A copy of the same is enclosed for ready reference.

4. Where the complaints are in respect of closure of account such as disputes / disagreements regarding charges, difficulties encountered in closing the account etc., they should be classified as complaints relating to "Account Closure". Requests for account closure should not be treated as grievance.

5. Similarly, any complaints pertaining to pledge or to demat accounts maintained by clients should be categoried as grievance under "Pledge" / "Account - related", as the case may be. Requests received for pledge, change of address, change in bank details etc. should not be treated as grievance.

6. Where the DP has not received any investor grievance /complaint in a given month, a nil report should be submitted.

Further, it has also been observed that while referring an investor grievance to NSDL or replying to NSDL referred investor grievance, the DPs do not furnish complete details. To ensure faster redressal of investor grievances, DPs are advised as under:

1. Furnish vital details such as DP Id (especially where DP has multiple set-ups), client ID, client name, name of Issuer (if applicable), DRN / RRN / Order Nos. (if applicable) etc.

2. Quote NSDL's reference number while replying. |

Annexure
IG report format for DPs

Circular no. NSDL/PI/98/500 dated October 6, 1998
Circular no. NSDL/PI/2001/0191 dated January 31, 2001
Circular no. NSDL/PI/2003/1871 dated November 25, 2003

DP Name: DP Id:

IG Report for the month of

Nature of Complaint	No of cases pending at the beginning of the month	No of cases received during the month	No of cases resolved during the month	Manner of Redressal	No of cases pending at the end of the month	No of cases pending for more than 30 days	Reason for pendency as shown in column(6)
	(1)	(2)	(3)	(4)	(5) = (1+2-3)	(6)	(7)
Account Related (non receipt of statement of transaction / holding, charges, changes in the details of the account, freeze/ unfreeze, nomination, etc)							
Account closures							
Auction							
Pledge							
Errorneous Transfers							
Demat related (delay in demat, non receipt of physical documents after rejection of DRN)							
Rematerialisation							
Non Cash Corporate Actions (NCCA) viz., bonus, rights, etc							
Cash Corporate Action (CCA) viz., dividends, interest, etc							
Others (specify)							

Circular No. NSDL/PI/2003/1871 Date : November 25, 2003	Attention of Participants is invited to Bye Law 6.3.6 (iii) of the Bye Laws of NSDL which requires every Participant to submit to the Depository a report giving number of complaints received from Clients, nature of complaints, status and manner of redressal, every month (latest by 10th of the following month). Participants are hereby informed that with effect from January 1, 2004, the aforesaid report can be submitted to NSDL either electronically (via e-mail) or in hard copy form. Such details can be e-mailed to NSDL at dp_igreport@nsdl.co.in. For submitting the reports electronically, we advise the Participants to provide the e-mail Id of the compliance officer to NSDL and ensure that the report is submitted only from the e-mail Id of that person. All Participants are therefore advised to provide e-mail Id's of compliance officers latest by December 1, 2003.
Circular No. NSDL/PI/2001/0191 Date : January 31,2001	With reference to our Circular No. NSDL/PI/98/500 dated October 6, 1998, attention of all Participants is once again invited to Regulation 20(2)(e) of SEBI (Depositories and Participants) Regulations, 1996 which states that the Participant shall redress the grievances of beneficial owners within thirty days of the date of the receipt of the complaint and keep the Depository informed about the number and the nature of redressals. Attention is also invited to Bye Law 6.3.6 (iii) of NSDL Bye Laws which states that the Participant shall submit to the Depository the number of complaints received from Clients, their nature, status and manner of redressal once every month. Participants are advised to submit this report every month to Mr. Harpinder Saini, Officer-In-Charge, Investor Grievance Cell, NSDL latest by 10th of the following month. In case there are no grievances, a nil report should be submitted
Circular No. NSDL/PI/98/500 Date : October 6,1998	Attention of all Participants is invited to Regulation 20(2)(e) of SEBI (Depositories and Participants) Regulations, 1996 which states that the participant shall redress the grievances of beneficial owners within thirty days of the date of the receipt of the complaint and keep the depository informed about the number and the nature of redressals. Attention is also invited to Bye Law 6.3.6 (iii) of NSDL Bye Laws which states that the Participant shall submit to the Depository the number of complaints received from Clients, their nature, status andmanner of redressal once every month. Participants are advised to submit this report every month to Mr. Harpinder Saini, Officer-In-Charge, Investor Grievance Cell, NSDL on or before 10th of the following month. In case there are no grievances, a nil report should be submitted.

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8. DP Service Centres

Regulation 52	No participant shall assign or delegate its functions as participant to any other person, without the prior approval of the depository.
Bye Law 6.3.23	No Participant shall assign its business as a Participant to any other person except with the prior approval of the Executive Committee 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.

Sr. No.	Nature of Non-Compliance	Penalty
Rule 18.1.1 (33)	NCFM qualified personnel not appointed in at least 75% of the total service centres (other than drop boxes) of the DPs.	Rs.50 per day per service centre (other than drop box) till the appointment of qualified person(s) to the extent of shortages.
Rule 18.1.1 (34)	Depository services are offered through franchisee without the approval of NSDL.	DP will be advised to stop opening fresh demat account and matter will be referred to the Disciplinary Action Committee.
Rule 18.1.1 (35)	Termination of franchisee / branch services contrary to NSDL instructions.	Rs.500 per occasion
Rule 18.1.1 (36)	Franchisees carrying out functions which are in contravention to NSDL guidelines (like in-person verification of clients at the time the opening of account, verification of delivery instruction slips, despatch of transaction statements etc).	Matter to be referred to Disciplinary Action Committee.

Adequate internal controls for the branches of Depository Participants

Circular No. NSDL/POLICY/ 2007/0038 Date: July 9, 2007	**Sub : SEBI Circular - adequate internal controls for the branches of Depository Participants** A copy of SEBI's Circular No. MIRSD/DPS-III/Cir-9/07 dated July 3, 2007 regarding ensuring compliance with Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996 by the branches of Depository Participants (DPs) is enclosed for the information of all DPs. DPs are requested to take note of the above.

<div align="center">

Annexure

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CHIEF GENERAL MANAGER

MARKET INTERMEDIARIES REGULATION AND SUPERVISION DEPARTMENT

<div align="right">

MIRSD/DPS-III/ Cir - 9 /07
July 3, 2007

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The Chairman & Managing Director   The Managing Director & CEO
National Securities Depository Ltd.   Central Depository Services (India) Ltd.
Trade World,   Phiroze Jeejeebhoy Towers,
Kamala Mills Compound,   Dalal Street, Fort,
Senapati Bapat Marg, Lower Parel,   Mumbai 400 023
Mumbai – 400 013

Dear Sir/s,

Sub: Supervision of branches of depository participants

1. It has come to SEBI's notice that the Depository Participants (DPs) are operating through branch offices which are having Depository Participant Modules (DPMs) directly linked to the Depository server and branch offices which are connected through back offices software of the DP. Certain DPs are connected with the Depository through one or more DPMs. Some of the DPs have offline branches which function either as full fledged braches offering all DP services or only as collection centre.

2. In terms of Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996, every DP shall have adequate mechanism for the purpose of reviewing, monitoring and evaluating its internal accounting controls and systems. Further, clause 19 of the Code of Conduct for Participants contained in the Third Schedule to the Regulations inter alia states that the DP shall ensure that it has satisfactory internal control procedure in place. It is clarified that these provisions apply to DPs in respect of all their branches also. DPs are therefore required in terms of these provisions to put in place appropriate mechanisms to ensure that their branches are carrying on the operations in compliance with the applicable regulations, bye-laws, etc. Further, DPs are also required to put in place suitable internal control systems to ensure that all branches are exercising due diligence in opening accounts, complying with KYC requirements, in ensuring systems safety in complying with client instructions, manner of uploading client instructions, in verifying signatures and in maintaining client records, etc. DPs shall also ensure that the branches are suitably integrated. The DPs whose systems do not measure up to the above are hereby advised to ensure such compliance immediately.

3. Depositories shall examine the adequacy of the above mechanisms during their inspections of DPs. The Depositories shall also carry out surprise inspections/ checks of the DP branches apart from the regular inspection of the DPs.

4. Depositories shall also put in place appropriate mechanisms for monitoring opening of branches by DPs.

5. The Depositories are advised to:-

   a. Bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website;

   b. Include the aforesaid clarifications, as applicable, in the advertisement campaigns released by them from time to time for better understanding of the investors;

   c. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;

   d. Communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report.

6. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

P K Kuriachen

Branch direct connectivity - More than 5000 accounts	
Circular No. NSDL/PI/99/689 Date: August 27,1999	All Participants are hereby informed that SEBI has in the meeting relating to dematerialisation of securities held on August 16, 1999, inter-alia, decided that the branch offices of Participants that are handling more than 5000 accounts should have either direct electronic connectivity with the Depository or with the office of the Participant which is directly connected to the Depository. All Participants are therefore requested to inform us the number

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	of branches which are handling more than 5000 accounts, how many of these are directly connected with NSDL and how many of these are connected with the office of the Participant which is directly connected to the Depository.
	SEBI has also decided that in view of the increase in volume of transactions, number of accounts, dematerialisation requests and forthcoming rolling settlement, the Participants should open more branches, particularly in the cities where such services are still not available.
SEBI directive on creating awareness among demat account holders for PAN card	
Circular No. NSDL/POLICY/ 2006/0056 Date: November 21, 2006	*Sub : SEBI directive on creating awareness among demat account holders for PAN card.*
	Attention of all Depository Participants (DPs) is invited to our circular no. NSDL/POLICY/2006/0007 and NSDL/POLICY/2006/0043 dated March 3 and September 27, 2006 respectively regarding SEBI directive on Permanent Account Number (PAN).
	SEBI in its meeting discussed the issue of creating awareness among the demat account holders about PAN card being mandatory for demat account.
	DPs are advised to display posters and pamplets provided by NSDL in this regard prominently, at each of their offices from where the depository services are being provided by them.
	DPs may also make their clients aware about this requirement by disseminating similar information alongwith their mailers or through their website etc., with a view to ensure compliance in this regard by account holders as per the deadline prescribed by SEBI for the same on or before December 31, 2006.
Qualified personnel - Mandatory	
Circular No. NSDL/PI/2000/1044 Date : June 30,2000	In continuation to our Circular Nos. NSDL/PI/99/637 dated August 13, 1999 and NSDL/PI/2000/223 dated February 24, 2000, Participants are hereby informed that NSDL has extended the deadline for mandatory appointment of persons qualified in the Certification Programme. The revised schedule is as under 50% of the existing branches - October 1, 2000 all branches -January 1, 2001.
Circular No. NSDL/PI/2000/864 Date : June 6, 2000	In order to enhance the standards of client servicing and operational efficiency it is necessary to create a pool of qualified manpower. Keeping the need for service standards in mind, NSDL launched a certification program on depository operations in May 1999. This examination titled "NSDL-Depository Operations Module" is based on the infrastructure of NCFM (NSE's certification in financial markets).
	This examination can be taken at Mumbai, Delhi, Calcutta, Chennai, Hyderabad, Ahmedabad and Pune at NSE offices. Candidates should score a minimum of 60% of marks to get a certificate in the NSDL-Depository Operations Module.
	To increase the scope of coverage and overcome the difficulty expressed by many candidates in completing the examination in the allotted time, the following changes have been incorporated in the NSDL-Depository Operations Module with effect from June 7, 2000:
	1. The test duration will be 75 minutes instead of 30 minutes.
	2. The total marks for the examination will be 100 instead of 50.
	It is mandatory that 50% of all branches of every Participant must have atleast one employee who has successfully cleared the certification program.

Circular No. NSDL/PI/99/637 Date: August 13,1999	Combined efforts of NSDL and its business partners alongwith timely regulatory support at critical junctures has facilitated the adoption of the depository culture by most of the players in the Indian Capital Market. Depository services are available in all major cities and towns across the country. Almost all the actively traded scrips are available for dematerialisation and trading in the demat form. Trading in depository securities is now available in ten major stock exchanges across the country. NSDL recognises that quantitative progress would be ineffective if it is not backed by quality depository services. Thus, it was imperative to ensure that the staff of our business partners are sensitised to service standards and efficient depository operations. Towards this objective, NSDL conducted a series of Branch Empowerment Programmes (BEP) for the staff of the Participants across the country. These programmes focused on the importance of service standards and adhering to these standards offered by the Participants to their clients. NSDL has also embarked upon a series of Procedural Training Programmes (PTP) which are more detailed and cover all the operational aspects of depository services. As you are aware, with quality depository services in mind, NSDL launched a Certification Programme on depository. Candidates successfully clearing such a programme add to the human resources pool qualified in depository operations. Participants are hereby informed that it will be mandatory for all branches, including franchisees, of Participants to have atleast one person qualified in the Certification Programme in a phased manner, as per the schedule given below : 1. For New Branches - Oct 1, 1999 2. For 50% of the existing branches - Jan 1, 2000 3. For all branches - April 1, 2001 Additional information regarding the Certification Programme is available on the website of NSDL at www.nsdl.co.in. The same can also be obtained by sending an email to ncfm@nsdl.co.in or writing to Mr. V. R. Narasimhan, Senior Vice President, National Securities Depository Limited.
List of holidays	
Circular No. NSDL/POLICY/ 2006/0017 Date : June 5, 2006	*Sub : Intimation of list of holidays for the calendar year to clients by Participants.* All Participants are hereby informed that NSDL has been receiving complaints from the demat account holders (Clients) that the Participants do not give adequate notice to the Clients about non-availability of depository services due to holidays. In order to avoid hardship to the Clients, Participants are advised to send a communication to all the Clients about the list of holidays for the calendar year. Further, the list of holidays should be displayed in a prominent place, at each of the office from where the depository services are being provided.
Submission of details of all places from where depository services are offered	
Circular No. NSDL/POLICY/ 2007/0055 Date: September 25, 2007	*Sub: Submission of details of all places from where depository services are offered and approval of new branches and franchisees in the prescribed format* Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/POLICY/2007/0038 dated July 9, 2007 wherein a copy of the SEBI Circular No. MIRSD/DPS-III/Cir-9/07 dated July 3, 2007 regarding ensuring compliance with

Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996 by the branches of DPs was enclosed for the information of all DPs. In light of the SEBI guidelines, the requirement of obtaining approval for branch/ franchisee and submission of such information to NSDL have undergone changes, which are undermentioned:

1) **Submission of details of all places from where the depository services are offered :**

As all DPs are aware, NSDL vide its Circular No. NSDL/POLICY/2006/ 0036 dated September 7, 2006 informed DPs to provide the details of all the places from where they are offering any of the depository services to their Clients. In light of the SEBI circular, the prescribed format has undergone certain changes. Hence, DPs are advised to provide the details of all such places from where the depository services are offered as of September 30, 2007, in the format (MS Excel Sheet) mentioned as per Annexure 1 and e-mailed to NSDL at **servicecentreinfo@nsdl.co.in** latest by **October 31, 2007.**

2) **Approval for opening of new branches and franchisees :**

As all DPs are aware, DPs are required to obtain permission of NSDL prior to appointment of a franchisee (whether offering the services as a service centre, collection centre, drop box centre or called by any other name) (Refer NSDL Circular No. NSDL/PI/2003/0282 dated February 18, 2003). The format for submission of franchisee details has undergone certain changes, in light of the SEBI circular. If DPs wish to appoint a franchisee on or after October 1, 2007, DPs would be required to obtain the permission of NSDL and submit the franchisee details in the format (MS Excel sheet) mentioned as per Annexure 2.

Further, on the similar lines, DPs would also be required to obtain the permission of NSDL for opening of a new branch (whether offering the services as a service centre, collection centre, drop box centre or called by any other name). The details of such branch should be provided in the format (MS Excel sheet) mentioned as per Annexure 3.

3) As regards mode of submission, Annexure 2 and 3 should be submitted to NSDL strictly in the prescribed format (MS Excel sheet) in hard copy signed by the compliance officer as well as in soft copy at servicecentreinfo@nsdl.co.in

4) As all DPs are aware, NSDL vide its Circular No. NSDL/PI/99/689 dated August 27, 1999, had informed DPs that in case the branch offices of DPs are handling more than 5000 accounts, they should have either direct electronic connectivity with the DP or with the office of the DP, which is directly connected to the Depository. In view of this, if any of the branch/franchisee does not comply with this requirement, DPs would be required to mention the same in the compliance certificate submitted from January 31, 2008 onwards (i.e. for the half year ending December 31, 2007).

5) DPs would be required to submit the details of all the branches/ franchisees offering depository related services as of March 31, by June 30, every year. The details should be strictly submitted in the prescribed format (Annexure 1) and e-mailed to NSDL at servicecentreinfo@nsdl.co.in

		6)	DPs are also advised to note that any subsequent updates (addition/ deletion/modification) in the above information should be intimated to NSDL at the above e-mail id within seven days of such change.

Annexure 1 - List of Branches / Franchisees

Sr. No.	DP Name	Category - Place from where the DP wishes to open the Franchisee	Sub-Category - Offering services as Branch / Franchisee / Service centre, Collection centre, drop box centre or called by any other name	Contact Person	Add1	Add2	Add3	City	Pin	State	STD code	Phone	Fax	Email	In case of Franchisee			NCFM Qualified Person		
															Name	Date of NSDL approval	Franchisor-Franchisee agreement executed. If yes, is the copy maintained in the records. If no, please specify the reason for not executing the agreement.	Name	Registration number	Expiry Date

Type of connectivity with the back office of the main / additional DPM set-up ?	Types of service provided and process involved - manual/electronic*																	Number of demat accounts serviced	Rema-rks
Online / Offline	Account opening		Demat / Remat		Issuance of Delivery Instruction Slips		Processing / Execution of Delivery Instructions		Pledge		Securities Lending and Borrowing		Client Modification like change of address etc		Dispatch of Transaction statement	Any other service provided - please specify in the box [ ]			
	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing		Manual Process-ing	Electro-nic process-ing		
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		

* DPs are advised to mention whether the activities are processed manually or through electronically. In case if it is manually processed, please mention the details of target branch/franchisee/DPM set-up i.e. place from where the electronic processing happens, in the remark column.

Manual processing means collection of documents and submitting it to the required destination. Electronic processing means entering the data into the computer system or back office for onward transmission to relevant main office electonically.

"Online" means the source entity has established a direct electronic connectivity with the back office of the main / additional DPM set-up. "Offline" means no direct connectivity is established with the main / additional DPM set-up.

Annexure 2 - Appointment of Franchisee

Sr. No.	DP Name	Category - Place from where the DP wishes to open the Franchisee	Sub-Category - Offering services as Franchisee / Service centre, Collection centre, drop box centre or called by any other name	Please mention the number of years of experience in the capital market	Contact Person	Add1	Add2	Add3	City	Pin	State	STD code	Phone	Fax	Email	Franchisee Details			NCFM Qualified Person		
																Name	Date of NSDL approval	Franchisor-Franchisee agreement executed. If yes, is the copy maintained in the records. If no, please specify the reason for not executing the agreement.	Name	Registration number	Expiry Date

Type of connectivity with the back office of the main / additional DPM set-up?	Types of service proposed to be provided and process involved - manual/electronic*															Number of demat accounts serviced	Rema-rks
Online / Offline	Account opening		Demat / Remat		Issuance of Delivery Instruction Slips		Processing / Execution of Delivery Instructions		Pledge		Securities Lending and Borrowing		Client Modification like change of address etc		Dispatch of Transaction statement	Any other service provided - please specify in the box [ ]			
	Manual Processing	Electronic processing	Manual Processing	Electronic processing	Manual Processing	Electronic processing	Manual Processing	Electronic processing	Manual Processing	Electronic processing	Manual Processing	Electronic processing	Manual Processing	Electronic processing		Manual Processing	Electronic processing		
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		

* DPs are advised to mention whether the activities are processed manually or through electronically. In case if it is manually processed, please mention the details of target branch/franchisee/DPM set-up i.e. place from where the electronic processing happens, in the remark column.

Manual processing means collection of documents and submitting it to the required destination. Electronic processing means entering the data into the computer system or back office for onward transmission to relevant main office electonically.

"Online" means the source entity has established a direct electronic connectivity with the back office of the main / additional DPM set-up. "Offline" means no direct connectivity is established with the main / additional DPM set-up.

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Annexure 3 - Appointment of Branch																	
Sr. No.	DP Name	Category - Place From where the DP wishes to open the branch	Sub-Category - Offering services as Branch / Service centre, Collection centre, drop box centre or called by any other name	Contact Person	Add1	Add2	Add3	City	Pin	State	STD code	Phone	Fax	Email	NCFM Qualified Person		
															Name	Registration number	Expiry Date

Type of connectivity with the back office of the main / additional DPM set-up?	Types of service proposed to be provided and process involved - manual/electronic*															Number of demat accounts serviced	Rema-rks
Online / Offline	Account opening		Demat / Remat		Issuance of Delivery Instruction Slips		Processing / Execution of Delivery Instructions		Pledge		Securities Lending and Borrowing		Client Modification like change of address etc		Dispatch of Transaction statement	Any other service provided - please specify in the box [ ]	
	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing	Manual Process-ing	Electro-nic process-ing		Manual Process-ing	Electro-nic process-ing
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N

* DPs are advised to mention whether the activities are processed manually or through electronically. In case if it is manually processed, please mention the details of target branch/franchisee/DPM set-up i.e. place from where the electronic processing happens, in the remark column.

Manual processing means collection of documents and submitting it to the required destination. Electronic processing means entering the data into the computer system or back office for onward transmission to relevant main office electonically.

"Online" means the source entity has established a direct electronic connectivity with the back office of the main / additional DPM set-up. "Offline" means no direct connectivity is established with the main / additional DPM set-up.

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Branch services - Display of type of services	
Circular No. NSDL/PI/2000/1531 Date : August 24,2000	NSDL has noticed that Participants provide depository services to their clients through their Service Centres located at different places and all centres do not provide similar services. These services are of various types, such as : • Account Opening; • Dematerialisation / Rematerialisation; • Accepting debit / credit instruction forms; • Providing transaction statements; or • Any other depository services. In the interest of transparency, Participants are hereby advised that they should display the types of services provided by them at each Service Centre. For example, if the Calcutta service center of a Participant is providing only account opening and dematerialisation services, then it must be mentioned on the display board in the Calcutta office that only these two services are provided by the Participant at that office. The display board / chart should be prominently visible to the clients.
Clarification regarding franchise/service centre and NCFM qualified person	
Circular No. NSDL/PI/2003/1047 Date : June 25,2003	Attention of Participants is invited to our Circular No. NSDL/PI/2003/0282 dated February 18, 2003 advising Participants to obtain NSDL's prior approval for appointing franchisee/service centre, etc. In this regard, Participants have sought clarification about the meaning of franchisee/service centre, etc. and whether an NCFM qualified person is required to be appointed at all such places. It is hereby clarified that any depository related services offered to the investors whereby they can interact with a person (who could be an employee of the Participant or of an outside agency appointed by the Participant) for submitting various documents and receiving acknowledgment thereof, will be treated as a Branch / franchisee/service centre. In such circumstances, a Participant can offer services to its clients only if one employee of the Participant or any other person providing the service has qualified in the NCFM (depository module) examination. In case the services are offered to clients where there is no personal contact or interaction (no acknowledgment is given for documents submitted) e.g. drop box kept in a place in which clients can drop their documents, the requirement of NCFM qualified person is not necessary.
Branch Services - SEBI directive on Branch connectivity	
Circular No. NSDL/PI/2003/0392 Date : March 6,2003	All Participants are hereby informed that Securities and Exchange Board of India (SEBI) vide its letter no. CS/4753/2003 dated March 4, 2003 has intimated to NSDL as under: "With the introduction of T+2 settlement from April 1, 2003 it is imperative that the transfer of securities takes place in an efficient and efficacious manner without any settlement failure. This requires that Depository Participants (DPs) throughout the country should have technological compatibility with the existing infrastructure. Since they have their offices in various cities/towns, it is necessary that all the branches of a DP should be

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	linked electronically to its head office. This would ensure that all the clearing and settlement instructions are communicated without fail. This would also mitigate risk of settlement failure."
	Participants are advised to ensure compliance of the above.

Procedure for Termination of Franchisee	
Circular No. NSDL/PI/2002/0346 Date : February 26, 2002	All Participants may be aware that as per the Bye Laws of NSDL, Participants are required to take prior approval of NSDL before assigning its business to any person/franchisee for offering depository services. In this regard, it has been observed that whenever a Participant decides to terminate the services of a franchisee, the investors who avail of the depository services through such franchisees are not informed. As a result, the investors are put to avoidable hardships. Participants are hereby advised as follows:

1. The Participant shall terminate the franchisee only after giving notice of atleast 30 days to all its Clients, who are availing of depository services through the franchisee.

2. The Participant shall inform its Clients who are being provided depository services through the franchisee, about the alternate arrangements made to service the Clients.

3. The Participant shall inform NSDL about termination of such franchisee services atleast 30 days in advance.

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NOTES

NOTES

9. Charges

Regulation 20 (1) (f)	The participant shall pay annual fees specified in Part A of the Second Schedule in the manner specified in Part B thereof. PART A (relevant extract) Annual fees payable by participant Rs. 1000 PART B (relevant extract) Fees to be paid to the depository in which the payer is a participant. The Depository shall forward the fees collected from participants to the Board, with a demand draft or bankers cheque payable to the "Securities and Exchange Board of India" at Mumbai.
Clause 6 of NSDL - DP Agreement	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 Executive Committee from time to time on the amount from the due date of payment of such amount. b) However, the Executive Committee 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.
Clause 1 of DP-Client Agreement	The Client shall pay such charges to the Depository Participant for the purpose of opening and maintaining his account, for carrying out the instructions of the Client and for rendering such other services as may be agreed to from time to time between the Depository Participant and the Client as set out in Schedule A. The Depository Participant shall reserve the right to revise the charges by giving not less than thirty days notice in writing to the Client.
Clause 8 of DP-Client Agreement	On the failure of the Client to pay the charges as laid out in clause (1) of this agreement within a period of thirty days from the date of demand Depository Participant shall terminate this agreement and close the account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another Participant or be rematerialised in the manner specified in the Bye laws and Business rules.
Clause 9 of DP-Client Agreement	The Client further agrees that in the event of the Client committing a default in the payment of any of the amounts provided in clause (1) within a period of thirty days from the date of demand, without prejudice to the right of the Depository Participant to close the account of the Client, the Depository Participant may charge interest @ not more than 24% p.a. or such other rate as may be specified by the Executive Committee from time to time for the period of such default. In case the Client has failed to make the payment of any of the amounts as provided in clause (1) of this agreement, the Depository Participant shall have the right to discontinue the Depository services till such time he makes the payment along with interest, if any, after giving two days notice to the Client.

Rule 4.1.4	The permission to use the DPM shall be subject to the payment by the User of such charges as may be specified by the Depository.
Rule 5.3	The Participant shall have the discretion to charge any fees to its Clients. Further, the Participant may charge different types of fees to its various Clients.
	Provided further that the Participant shall file the charge structure with the Depository as and when called for.

Format for filing charge structure with NSDL

Circular No. NSDL/POLICY/ 2007/0003 Date: January 8, 2007	*Sub : Format for filing charge structure with NSDL every year by April 30*
	Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ PI/2006/0064 dated December 26, 2006 (copy enclosed) regarding filing of charge structure with NSDL and penalty therefor in case of non-compliance.
	The details of charge structure should be provided as per the enclosed format (in MS Excel) and e-mailed to NSDL at dpfees@nsdl.co.in
	Further, any subsequent changes (addition/deletion/modification) in the charge structure of the DP should also be intimated to NSDL in the above format, at the above e-mail Id before such changes become effective.

DP Name	Statutory charges at the time of account opening	Advance/ Deposit	Account Maintenance	Demat	Remat	Transaction (Debit)	Pledge Creation	Pledge Creation confir- mation	Pledge Closure	Pledge Closure confir- mation	Pledge Invo- cation	Failed instru- ction	Other charges, if any	Remarks

Charges - waiver request to be submitted within one month

Circular No. NSDL/PI/2003/2103 Date: December 29, 2003	Attention of Participants is invited to our Circular No. NSDL/PI/99/496 dated June 29, 1999 advising Participants to submit requests for waiver of fees to NSDL, alongwith all the requisite documents, within one month from the date of bill. Participants are hereby informed that w.e.f January 1, 2004, they will be required to provide only the following documents alongwith a letter in the format as per Annexure:
	(1) Copy of death certificate of the deceased;
	(2) Indemnity/Affidavit by the nominee/legal heir, as the case may, in case of single holder account.
	Participants should also note that w.e.f January 1, 2004, only one request per month per DPM set-up in respect of waiver of fees will be entertained by NSDL. The requirement of submitting the claim within one month from the date of bill will continue.
	Annexure I **Procedure for submitting waiver request** **(To be provided on DP's letter head)**
	Date:
	To, The Vice President Participant Interface Dept. National Securities Depository Limited Trade World, A-wing, 4th floor Kamala Mills Compound, Senapati Bapat Marg Lower Parel (W), Mumbai - 400 013.

Dear Sir,

**Sub.: Request for waiver of settlement fees for the month of _____,
_____ (year) on account of transmission of securities.**

This is to certify that all requisite details/documents as required under the Bye Laws and Business Rules of NSDL have been obtained by _____ (DP name) for effecting transmission of securities in respect of client account(s) as enclosed. We hereby declare that all the information provided herewith is true to the best of our knowledge and further confirm that _____ (DP name) will be fully responsible in case any claims made towards waiver of settlement fees are found to be invalid.

Name and Designation of Compliance Officer

Signature of Compliance Officer

DP Id

Seal of DP

<div align="center">

Annexure II

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Enclosure to letter

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Details of transmission cases for the month of _____, ____ (year)

Sr. No.	Source DP Id	Source Client Id	Name of the Deceased	Joint A/c (Y/N)	DPM Instruction No.	Exe- cution Date	Target DP Id	Target Client Id	Reason, if source A/c is not closed	Amount (in Rs.) for which waiver is sought

Notes:
(1)   Please provide the details in a soft copy, if total number of transactions exceed 25.
(2)   Enclose copies of death certificates.
(3)   Enclose copies of Indemnity/Affidavit, in case of single holdings.
(4)   Enclose a print-out of client master report of target Client in case of inter-depository transfers.

Circular No. NSDL/PI/99/496 Date: June 29, 1999	All Participants are hereby advised that all requests for waiver of fees should be submitted to NSDL alongwith all the supporting documents within one month from the date of the bill. No request for waiver will be entertained thereafter
SEBI Directive on reduction in Charges	
Circular No. NSDL/POLICY/ 2007/0079 Date: December 27, 2007	*Sub : SEBI directive on reduction in charges* With reference to NSDL Circular No. NSDL/POLICY/2007/0075 dated December 3, 2007, all Depository Participants (DPs) are hereby informed that Securities and Exchange Board of India has vide its letter no. MRD/DoP/PP/111495/07 dated December 20, 2007 (copy enclosed) advised NSDL to intimate the DPs to pass on the benefits of the reduction in settlement fees, to the beneficial owners. DPs are advised to ensure compliance of the above.

CHIEF GENERAL MANAGER
Market Regulation Department - Division of Policy

MRD/DoP/PP/111495/07
December 20, 2007

The Chairman & Managing Director,
National Securities Depository Limited
4th Floor, Trade World,
Kamla Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013

Dear Sir,

Sub : Reduction in settlement fees

1. Please refer to your letter no. Secretarial/SEBI/2007/PS/0111 dated November 30, 2007.

2. It is observed from your aforesaid letter that with effect from January 1, 2008, you have proposed to reduce settlement fees charged to the Depository Participants (DPs) from Rs. 6 to Rs. 5 per debit instruction. You may please advise your DPs to pass the benefit of proposed reduction in settlement fees to the beneficial owners.

3. Please acknowledge receipt and confirm compliance.

Yours faithfully,

S. V. MURALI DHAR RAO

Circular No. NSDL/PI/2005/1478 Date: August 12, 2005	With reference to our circular no. NSDL/PI/2005/1440 dated August 9, 2005, all Participants are hereby informed that Securities and Exchange Board of India has vide its letter no. MRD/DOP/NSDL/VM/46618/05 dated August 10, 2005 (copy enclosed) advised NSDL to intimate the Participants to pass on the benefits of the reduction in charges for debit instructions, to the beneficial owners.

Participants are advised to ensure compliance of the above.

Annexure

GENERAL MANAGER
MARKET REGULATION DEPARTMENT
Tel. 2216 4465 Fax : 2216 4394
E-mail : sundaresanvs@sebi.gov.in

MRD/DOP/NSDL/VM/46618/05
August 10, 2005

The Managing Director
National Securities Depository Limited
4th Floor, Trade World, Kamla Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013

Dear Sir,

Sub : Reduction in charges.

1. Please refer to your letter no. NSDL/JS/SEBI/2973/2005 dated August 1, 2005

2. It is observed from your aforesaid letter that you have proposed to reduce the charges to the Depository Participants (DPs) for debit instruction from Rs. 8/- to Rs. 6/- with effect from October 01, 2005. You may please intimate your DPs to pass on the proposed reduction in the charges towards debit instructions to the beneficial owners.

3. Please acknowledge receipt and confirm compliance.

Yours faithfully,

V.S. SUNDARESAN

Circular No. NSDL/PI/2003/2111 Date: December 29, 2003	With reference to our circular no. NSDL/PI/2003/1979 dated December 11, 2003, all Participants are hereby informed that Securities and Exchange Board of India has vide its letter no. MRD/VSS/SU/24221/2003 dated December 22, 2003 (copy enclosed) advised NSDL to intimate the Participants to pass on the benefits of the reduction in charges for debit instructions, to the beneficial owners. Participants are advised to ensure compliance of the above.

Annexure

(Letter from SEBI)

DEPUTY GENERAL MANAGER
MARKET RGULATION DEPARTMENT
Email : sundersanvs@sebi.gov.in

MRD/VSS/SU/24221/2003
December, 22, 2003

Shri C. B. Bhave
Managing Director
NSDL
4th Floor, Trade World, Kamla Mills Compound,
Senapati Bapat Marg, Lower Parel,
<u>Mumbai-400 013.</u>

Dear Sir,

Sub : Reduction in charges.

1. Please refer to your letter no. NSDL/PI/SEBI/2003/PP/1398 dated December 09, 2003.

2. It is observed from your aforesaid letter that you have proposed to reduce the fee charges from Rs. 10/- to Rs. 8/- per debit instruction, with effect from 1-1-2004. You may please intimate your Depository Participants to pass on the proposed reduction in the charges for debit instruction, to the beneficial owners.

3. Please acknowledge receipt and confirm compliance

Yours faithfully,

V.S. SUNDARESAN

DEPUTY GENERAL MANAGER
Market Regulation Department

MRD/DoP/SE/Dep/Cir-4/2005
Date:January 28,2005

1. The Executive Directors/Managing Directors/
    Administrators of all Stock Exchanges
2. The Managing Director, NSDL
3. The Executive Director, CDSL

Dear Sir/s,

Sub: Review of Dematerialisation Charges

1. Investors have been representing to SEBI seeking a reduction in the charges paid by them for dematerialisation of securities. The rationalization of charge structure for dematerialisation was discussed at the Secondary Market Advisory Committee of SEBI (SMAC).

2. After careful consideration of the recommendations of the SMAC, as a first step, it has been decided to rationalize the existing charge structure as under:

    2.1 Effective from February 1, 2005 :-

        a) No investor shall be required to pay any charge towards opening of a Beneficiary Owner (BO) Account except for statutory charges as may be applicable;

        b) No investor shall be required to pay any charge for credit of securities into his/her BO account; and

        c) No custody charge shall be levied on any investor who would be opening a BO account on or after February 1, 2005.

    2.2 With effect from April 1, 2005 the custody charges shall not be levied on any investor. However, the Depositories may levy and collect the charges towards custody from the issuers, on a per folio (ISIN position) basis as at the end of the financial year, according to the table given below:

    Issuers to pay @ Rs.5.00 (*) per folio (ISIN position) in the respective depositories, subject to a minimum as mentioned below:

Nominal value of admitted securities (Rs.)	*Annual Custodial Fee payable by a Issuer to each Depository (Rs.) (*)*
Upto 5 crore	4,000
Above 5 crore and upto 10 crore	10,000
Above 10 crore and upto 20 crore	20,000
Above 20 crore	30,000

* Plus service tax as applicable

The issuers would be required to pay custody charges to the Depository with whom they have established connectivity based on the total number of folios (ISIN positions) as on 31st March of the previous financial year or the minimum amount, as the case may be, by 30th April of the each financial year failing which Depositories may charge penal interest subject to a maximum of 12% p.a.

3. All the Stock Exchanges are advised to:-

    a) implement the above with immediate effect by making necessary amendments to the bye-laws and Listing Agreement, as applicable;

    b) to bring the provisions of this circular to the notice of the listed companies/Issuers and also to put up the same on the website for easy access to the investors ; and

    c) communicate to SEBI the status of the implementation of the provisions of this circular and

the action taken in this regard in Section II, item no. 13 of the Monthly Development Report for the month of February, 2005.

4. The Depositories are advised to:-

a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;

b) bring the provisions of this circular to the notice of the DPs of the Depositories and the issuers whose securities have been admitted into the depositories and also to disseminate the same on the website; and

c) communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report for the month of February, 2005.

5. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

V S SUNDARESAN

Closure of accounts with zero balances	
Circular No. NSDL/PI/2002/0365 Date: March 4, 2002	NSDL has been receiving requests from some Participants regarding closure of Client accounts with zero balances without obtaining the necessary instructions from the Clients, in cases where the Clients have not paid their dues to the Participant. In this context, Participants are requested to refer to clause 8 of the Agreement between the Participant and its Client (Annexure B of Bye Laws of NSDL), which is reproduced hereunder:
	"On the failure of the Client to pay the charges as laid out in clause (1) of this agreement within a period of thirty days from the date of demand Depository Participant shall terminate this agreement and close the account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another Participant or be rematerialised in the manner specified in the Bye laws and Business rules."
	Participants may note that, since such accounts have zero balances, the need for asking Client to rematerialise or to specify another demat account does not arise. Participants may close such accounts after complying with the procedure laid down in clause 8 of the Agreement between the Participant and its Client.
SEBI directive on non levy of charges for transfer of securities consequent to account closure	
Circular No. NSDL/POLICY/ 2007/0060 Date : October 5, 2007	***Sub : Exemption from submitting documents for claiming waiver of settlement fees consequent to transfer of securities with respect to SEBI directive on account closure***
	As all Depository Participants (DPs) are aware, DPs are exempted from payment of settlement fee (Rs.6 per debit from beneficiary account) consequent to transfer of securities with respect to SEBI directive on account closure (Circular No. NSDL/POLICY/2006/0001 dated January 05, 2006 and NSDL/POLICY/2006/ 0003 dated January 30, 2006). For the purpose of claiming/granting these exemptions, certain documents are required to be submitted by DPs to NSDL. DPs have represented to NSDL about the costs and efforts involved in processing and despatch of requisite documents to NSDL. Upon consideration of the representations and discussions with DPs, it is decided to revise the procedure

for claiming waiver of settlement fees consequent to transfer of securities with respect to SEBI directive on account closure. The revised procedure is applicable with effect from **October 1, 2007.**

(I)   Exemption from submission of documents to NSDL

Where the number of instructions does not exceed 25 per Client account, DPs are advised to follow the below given procedure for Intra and Inter Depository Transfer:

(a)   Collect the requisite documents from the Client as required in Bye Laws & Business Rules of NSDL and various circulars issued by NSDL in this regard, before effecting the transfer of securities (intra and inter depository transfers). However, the documents collected from the Clients will not be forwarded to NSDL. Such documents would be required to be maintained by the DP and produced to the officials of NSDL at the time of inspection or demanded otherwise.

(b)   Submit an undertaking (Annexure I) that the DP has verified all the documents and transfer of securities to the target demat account are in accordance with the Bye Laws & Business Rules of NSDL and relevant circulars/guidelines issued by NSDL with respect to waiver of settlement fees claimed by the DP.

(c)   100% audit to be carried out by the internal auditor of the DP with respect to the amount claimed by the DP and the requisite documents collected and maintained in support of the same. DPs are advised to inform their internal auditors to expand the scope of the audit by adding the following areas and make suitable comments in their audit report.

"9. Audit in respect of waiver of settlement fees claimed consequent to transfer of securities with respect of SEBI directive on account closure"

Whether the DP has collected the requisite documents as per the Bye Laws & Business Rules of NSDL and various circulars issued by NSDL in respect of waiver of settlement fees claimed by the DP as per NSDL Circular No. NSDL/POLICY/2007/0060 dated October 5, 2007 ?"

DPs are advised to ensure that the abovementioned point is covered by the internal auditor and reported in the internal audit report with effect from quarter ending December 2007 onwards to be submitted by March 31, 2008.

(II)   Penalty in case of non compliance / deviation

In case, it is observed that the DP has not complied with the abovementioned requirements/procedures or any deviation is observed with respect to point no. I above, **a penalty of Rs. 500 per instruction for which waiver is granted, would be levied on the concerned DP.**

(III)   Requirement of submission of documents to NSDL

Where the number of instructions exceeds 25 per Client account, DPs are advised to follow the below given procedure for Inter and Intra Depository Transfer:

(a)   Inter Depository Transfers

DPs are advised to follow the existing procedure with respect to collection and submission of documents to NSDL as mentioned in

NSDL Circular No. NSDL/POLICY/2006/0001 dated January 05, 2006 and NSDL/POLICY/2006/0003 dated January 30, 2006.

(b) Intra Depository transfer

DPs are advised to follow the procedure mentioned in point I on page 1.

(c) Internal Audit

DPs need not carry out 100% audit for instructions exceeding 25 per Client account with respect to inter-depository transfer, since the existing procedure is continued.

(IV) Format for submission of waiver details

DPs are advised to submit the details of the waiver claimed for such Client accounts in the format given in Annexure II.

(V) Submission deadline

DPs would be required to submit the undertaking / documents alongwith the waiver details for claiming waiver of settlement fees with respect to SEBI directive on account closure within one month from the date of the bill. In case if DPs fail to submit the requests to NSDL by the prescribed deadline i.e. within one month from the date of the bill, such waiver requests will not be granted. However, DPs would still be required to comply with the SEBI directive of not levying the charges to Clients.

(VI) Implementation:

The revised procedure would be implemented with effect from October 1, 2007, for the transfer of securities effected from September 1, 2007.

DPs are also advised to submit the pending waiver requests, if any, by November 30, 2007 for the transfers effected till August 31, 2007, by following the revised procedure mentioned above.

For further information, DPs are requested to contact Ms. Shobha Shetty on Tel No. (022) 2499 4485 (email : shobhas@nsdl.co.in) / Mr. Kaushal Shah on Tel. No. (022) 2499 4214 (email : kaushals@nsdl.co.in).

Annexure I

(To be provided on DP's letter head)

Date:

To,
The Vice President
Participant Interface Dept.
National Securities Depository Limited
Trade World, A-wing, 4th floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel (W)
Mumbai - 400 013.

Dear Sir,

Sub.: Request for waiver of settlement fees for the month of _____, _____ (year) consequent to transfer of securities with respect to SEBI directive on account closure.

This is to certify that all requisite details/documents as required under the Bye Laws and Business Rules of NSDL and various guidelines/circulars issued by NSDL have been obtained by _____ (DP name) DP ID _____ for effecting transfer of securities on account of SEBI directive on account closure.

Details	Amount
Waiver claimed on account of SEBI directive on account closure for the month of _____, _____(year)	
Total	

The detail of securities transferred is enclosed as per annexure II.

We hereby declare that all the information provided herewith is true to the best of our knowledge and further confirm that _____ (DP name) will be fully responsible in case any claims made towards waiver of settlement fees are found to be invalid.

Name and Designation of Compliance Officer

Signature of Compliance Officer

DP Id

Seal of DP

Annexure II

Details of transfer cases for the month of _____, _____ (year)

DP Name _____   DP ID_____

Sr. No.	Source Client Details							Instruction details	
	Source Client ID	Name of First Holder	PAN of First Holder	Name of Second Holder	PAN of Second Holder	Name of Third Holder	PAN of Third Holder	DPM Instruction No.	Execution Date

Target Client details								Reason, if source a/c is not closed	Amount for which waiver is sought (Rs.)
Target DP Id	Target Client Id	Name of First Holder	PAN of Firster Holder	Name of Second Holder	PAN of Second Holder	Name of Third Holder	PAN of Third Holder		

Notes :

In case the total number of instructions exceed 25 per Client account, please provide the waiver details in soft copy as well.

Circular No. NSDL/POLICY/ 2006/0003 Date: January 30, 2006	*Sub : Addendum to circular no. NSDL/POLICY/2006/0001 dated January 5, 2006* Attention of Participants is invited to our circular no. NSDL/POLICY/2006/ 0001 dated January 5, 2006. It was mentioned that the Client Master Report (CMR) submitted by the Beneficiary Owners (BO) for inter-depository transfer should be duly certified (signed and stamped) by the other depository. NSDL has received a confirmation from the other depository that its Participants can now generate CMR in crystal report format. In view of the foregoing, BOs

	shall submit CMR in crystal report format duly certified (signed and stamped) by the **target Participant**.
	Participant are requested to take note of the above.
Circular No. NSDL/POLICY/ 2006/0001 Date: January 5, 2006	As all Participants are aware, Securities and Exchange Board of India (SEBI) has vide its circular no. MRD/DoP/Dep/CIR-22/05 dated November 9, 2005 (copy enclosed) decided that "with effect from January 09, 2006 (Monday), no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership".
	NSDL has preferred an appeal before the Securities Appellate Tribunal. The matter is sub-judice. In the meantime, Participants are advised to follow the aforesaid SEBI circular.
	Further, Participants are advised to follow the following procedure in this regard :
	1. The BO submits an account closure request as specified in Annexure Q, duly filled & signed by the account holder(s) alongwith duly certified (signed and stamped) Client Master Report (CMR) obtained from the target Participant with whom the BO has opened a new account or maintains an account. In case of inter-depository transfers, apart from what has been stated above, the BO should submit the CMR in a crystal format duly certified (signed and stamped) by the target Participant or if CMR in crystal report format is not available, the target details should be certified (signed and stamped) by the other depository. Further, the BO surrenders all unused delivery instruction slips (DIS) to the Participant.
	2. Participant should verify the documents submitted by the BO and if found in order, the Participant shall effect the transfer of securities.
	3. After transferring the securities, the serial number(s) pertaining to unused DIS should be permanently blocked in the back office system of the Participant and the account of the BO should be closed. In case the Participant is unable to close the account due to pending demat / remat requests, ISIN in suspended status, fractional position or due to open pledges etc., the Participant should freeze the account i.e 'suspended for debit and credit'.
	4. Participants should make a request to NSDL seeking credit for the transaction fees pertaining to account closure cases, with supporting documents as detailed above.
Closure of accounts - SEBI Directive on abolishing account closure charges	
Circular No. NSDL/PI/2002/1895 Date: November 1, 2002	All Participants are hereby informed that Securities and Exchange Board of India (SEBI) vide its circular no. D&CC/FITTC/CIR-12/2002 dated October 30, 2002 has intimated to NSDL as under:
	" In view of the representations received on not to charge Account closure charges, the matter was discussed in the meeting of Working Group on

	Dematerialisation held on 18th October, 2002. It has been decided that no Account closure charges be imposed on the closure of any Beneficial Owner accounts. However, the transaction charges as applicable may continue to be charged. These instructions will come into force with effect from 1st November, 2002."
	Participants are advised to ensure compliance of the above instructions.

Closure of accounts - Request received on plain paper	
Circular No. NSDL/PI/2002/2175 Date: December 18, 2002	Participants have been seeking clarification from NSDL whether an account held by a beneficiary can be closed on the basis of a request received from the Client on a plain paper instead of receiving the application for Closing an Account in Annexure Q as per the Business Rules of NSDL.
	In this regard, Participants are advised that requests received on a plain paper for closing a beneficiary account can be treated as a valid application provided Participants ensure the following:
	(1) The request letter must contain all details that are specified in the Application for Closing an Account (Annexure Q).
	(2) The Client must submit duly signed delivery instruction form(s) (Annexure L) for transferring the securities, if any.
	(3) All the account holder(s) must sign the request.

Monthly Bills	
Circular No. NSDL/PI/2004/0413 Date : March 5, 2004	NSDL has been providing details of monthly bills to Participants in a floppy disc/DAT/through e-mail. Participants are hereby informed that henceforth (i.e. from February 2004 onwards), details of bills will be made available at intranet http://sqlassist. Bill details for a given month will be available to Participants latest by 7th of the following month. Participants will continue to receive hard copies of the bill.
	For obtaining bill details, Participants can log-on to intranet (http://sqlassist) with the User Id (DP Id) and Password that will be provided to the compliance officers of Participants in a sealed envelope alongwith the bill of February 2004. Compliance officers are requested to forward the same to the concerned official.
	The bill details at the intranet (http://sqlassist) will be available in zip format and the details can be viewed or downloaded as per the requirement of the Participant. Participants should note that bill details for a particular month will be available till the details of the following month are uploaded to the intranet.
	It may be mentioned that Participants using leased line connectivity with NSDL can view/download bill details throughout the day. However, those Participants who are connected to NSDL using VSAT will not be able to view/down load bill details during 10.00 a.m. to 4.00 p.m. on week days. Also, in case the file size is more than 500 KB, then the Participants connected to NSDL using VSAT will not be able to avail of this facility and the details to those Participants will be provided separately in floppy disc/DAT.

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10. Anti Money Laundering

Circular No. NSDL/POLICY/ 2008/0071 Date: October 16, 2008	**_Sub: Alerts as per 'Revised' criteria under Prevention of Money Laundering Act, 2002_.** Attention of Participants is invited to Circular no. NSDL/POLICY/2008/0028 dated April 23, 2008 regarding the revised criteria for generation of alerts under Prevention of Money Laundering Act, 2002 (PMLA). In this regard, both the Depositories and their representative Participants have reviewed the existing criteria with a view to further fine-tune the alerts being generated and finalized the revised parameters / criteria. The 'Revised' alerts are as follows: (i) Details of debits due to off-market or IDT transfers, having value of Rs. *'z'* and above, in a single transaction or series of transactions executed in an account, in an ISIN, during the fortnight. (ii) Details of credits due to off-market or IDT transfers, having value of Rs. *'z'* and above, in a single transaction or series of transactions executed in an account, in an ISIN, during the fortnight. (iii) Details of debit due to off-market or IDT transfers, involving *'y'* or more shares or having value of Rs. *'z'* and above, whichever is smaller, in a single transaction or series of transactions executed in an account, in an ISIN, during the fortnight, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs debited in an account in the past 30 days. (iv) Details of credit due to off-market or IDT transfers, involving *'y'* or more shares or having value of Rs. *'z'* and above, whichever is smaller, in a single transaction or series of transactions executed in an account, in an ISIN, during the fortnight, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs credited in an account in the past 30 days. (v) Details of all transactions involving *'x'* or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of the following transactions: o Demat, o Remat and o Pledges. (vi) Details of credits due to off-market or IDT transfers, for more than *'w'* transactions, in a single account executed during the fortnight. (vii) Transactions in dormant accounts: Any debit transaction in the dormant account will be reported as alert. It may be mentioned that any account having no 'Debit' transaction in the last 6 months will be considered as a *'Dormant'* account for this purpose. NSDL is in the process of generating alerts as per the aforesaid revised criteria and Participants will be informed regarding the same in due course. Till that

	time the alerts which were circulated to Participants vide our aforesaid Circular dated April 23, 2008 will continue to be sent to Participants on a fortnightly basis. Further, Participants are requested to take note of the following: (i) Participants will be required to ascertain whether the transactions/ alerts intimated by NSDL are of a suspicious nature and submit the report directly to The Director, FIU-IND, in the prescribed format, within seven working days of establishment of suspicion. (ii) For the purpose of reporting suspicious transactions, attention of Participants is invited to formats enclosed with SEBI Circular No. ISD/ CIR/RR/AML/2/06 dated March 20, 2006, which was circulated to Participants along with NSDL Circular no. NSDL/POLICY/2006/0025 dated July 17, 2006. (iii) Participants are also advised to keep FIU-IND informed about the name, address, email-id and contact details of Principal Officer. Any change therein must also be intimated to FIU-IND & NSDL. For further information, Participants are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email: shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email: vinithn@nsdl.co.in).
Circular No. NSDL/POLICY/ 2008/0052 Date: July 26, 2008	*Sub: Filing of Suspicious Transaction Report (STR) to Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA) guidelines.* Attention of Depository Participants (DPs) is invited to NSDL Circular no. NSDL/ POLICY/2008/0028 dated April 23, 2008 regarding submission of information to Financial Intelligence Unit-India (FIU-IND) and generation of alerts as per 'Revised' criteria under Prevention of Money Laundering Act, 2002 (PMLA). As per the said circular, NSDL had advised DPs to ascertain whether the transactions/alerts intimated by NSDL are of a suspicious nature and submit the report directly to The Director, FIU-IND, in the prescribed format, within seven working days of establishment of suspicion. In the meeting held on July 7, 2008, SEBI has advised both the depositories that DPs should inform their respective depositories regarding the number of STRs filed by DPs with the FIU-IND during a month for onward submission to SEBI. In view of the aforesaid, all DPs are hereby advised to inform NSDL about the number of STRs filed by the DP with FIU-IND for the month by 7th of the following month in the below mentioned format on the email ID of the Principal Officer of NSDL (PrincipalOfficer-NSDL@nsdl.co.in). Further, DPs need not submit a 'NIL' report to NSDL. | DP ID	DP Name	Month & Year	No. of STRs
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				  For the purpose of reporting suspicious transactions, attention of DPs is invited to formats enclosed with SEBI Circular No. ISD/CIR/RR/AML/2/06 dated March

	20, 2006, which was circulated to DPs vide NSDL Circular no. NSDL/POLICY/ 2006/0025 dated July 17, 2006.
Circular No. NSDL/POLICY/ 2008/0028 Date: April 23, 2008	*Sub: Generation of alerts as per 'Revised' criteria under Prevention of Money Laundering Act, 2002.* Attention of Depository Participants (DPs) is invited to Circular no. NSDL/ POLICY/2007/0070 dated November 12, 2007 regarding change in the criteria for generating alerts on the advise of Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA). DPs are requested to note that the criteria for generation of alerts with respect to point nos. (iii) and (iv) of the aforesaid circular have undergone changes. The revised criteria for generation of alerts is given below: (i) Details of **debits** due to off-market or IDT transfers, involving *'x'* or more shares or having value of **Rs. *'y'*** and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight. (ii) Details of **credits** due to off-market or IDT transfers, involving *'x'* or more shares or having value of Rs. *'y'* and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight. (iii) Details of **debit** transactions involving *'w'* or more shares or having value of Rs. *'y'* and above, whichever is smaller, in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs debited in an account in the past 30 days. (iv) Details of **credit** transactions involving *'w'* or more shares or having value of Rs. *'y'* and above, whichever is smaller, in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs **credited** in an account in the past 30 days. (v) Details of all transactions involving *'w'* or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of the following transactions: o Demat ; o Remat and o Pledges. (vi) Details of **credits** due to off-market or IDT transfers, for more than *'v'* transactions, in a single account executed during the fortnight. (vii) Transactions in dormant accounts: Any **debit** transaction in the dormant account will be reported as alert. It may be mentioned that any account having no '**Debit**' transaction in the last 6 months will be considered as 'Dormant' account for this purpose.

	The revised alerts are effective from **April 1, 2008**, which will be sent to DPs on a fortnightly basis.
	DPs are also requested to take note of the following:
	(i) DPs will be required to ascertain whether the transactions/alerts intimated by NSDL are of a suspicious nature and submit the report directly to The Director, FIU-IND, in the prescribed format, within seven working days of establishment of suspicion.
	(ii) For the purpose of reporting suspicious transactions, attention of DPs is invited to formats enclosed with SEBI Circular No. ISD/CIR/RR/AML/2/06 dated March 20, 2006, which was circulated to DPs along with NSDL Circular no. NSDL/POLICY/2006/0025 dated July 17, 2006.
	(iii) DPs are also advised to keep FIU-IND informed about the name, address, email-id and contact details of Principal Officer. Any change therein must also be intimated to FIU-IND & NSDL.
Circular No. NSDL/POLICY/ 2008/0003 Date: January 17, 2008	*Sub: SEBI's advise to Depositories and Depository Participants (DPs) on Compliance with Prevention of Money Laundering Act (PMLA) and Rules framed there-under*
	Attention of DPs is invited to NSDL Circular No. NSDL/POLICY/2006/0013 dated May 2, 2006 wherein DPs were advised to report the details of 'Principal Officer' to Financial Intelligence Unit-India (FIU-IND) and a subsequent reminder vide NSDL Circular No. NSDL/POLICY/2006/0019 dated June 21, 2006 regarding appointment of Principal Officer.
	In this regard, SEBI vide its letter ISD/SR/AK/AML/113767/2008 dated January 14, 2008 has informed the depositories that compliance by DPs with the key obligations of PMLA and Rules framed there-under has not been satisfactory and large number of entities have still not fulfilled these key requirements. Further, SEBI has advised the depositories to ensure enhanced compliance standards by their DPs and to monitor performance on a regular basis.
	In view of the aforesaid, all DPs are hereby directed / advised to ensure strict compliance of the below mentioned requirements:
	1. to appoint 'Principal Officer' under PMLA and inform his particulars to FIU-IND immediately, if not done.
	2. to frame Anti Money Laundering (AML) policy containing 'Client Identification Programme' and internal mechanism for identification and reporting of suspicious transactions and submit copy of the same to FIU-IND on an immediate basis.
	DPs are also advised to keep FIU-IND & NSDL informed about any change in the name, address, email-id and contact details of 'Principal Officer'.
	For the purpose of reporting suspicious transactions, DPs are once again advised to refer the formats enclosed with SEBI Circular No. ISD/CIR/RR/AML/2/06 dated March 20, 2006, which was circulated to DPs along with NSDL Circular no. NSDL/POLICY/2006/0025 dated July 17, 2006.

Circular No. NSDL/POLICY/ 2007/0070 Date: November 12, 2007	*Sub: Submission of information to Financial Intelligence Unit-India under Prevention of Money Laundering Act, 2002*

Sub: Submission of information to Financial Intelligence Unit-India under Prevention of Money Laundering Act, 2002

Attention of Depository Participants (DPs) is invited to Circular no. NSDL/ POLICY/2006/0025 dated July 17, 2006 regarding submission of information to Financial Intelligence Unit-India (FIU-IND) under Prevention of Money Laundering Act, 2002 (PMLA).

In this regard, FIU-IND has advised both the depositories to enhance the scope / quality of alerts sent to DPs to identify suspicious transactions.

Accordingly, the following criteria have now been finalised amongst the depositories for generating alerts **(pertaining to Off-market transactions only)**:

(i) Details of **debits** due to off-market or IDT transfers, involving '*x*' or more shares or having value of **Rs. '*y*'** and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

(ii) Details of **credits** due to off-market or IDT transfers, involving '*x*' or more shares or having value of **Rs. '*y*'** and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

(iii) Details of **debit** transactions (subject to minimum of '*z*' shares), if securities debited in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, exceed 10 times the average size of the transaction. For this purpose, average was calculated over the total number of securities in all ISINs **debited** in an account in the past 30 days.

(iv) Details of **credit** transactions (subject to minimum of '*z*' shares), if securities credited in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, exceed 10 times the average size of the transaction. For this purpose, average was calculated over the total number of securities in all ISINs **credited** in an account in the past 30 days.

(v) Details of all transactions involving '*w*' or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of the following transactions:

- Demat ;
- Remat and
- Pledges.

(vi) Details of **credits** due to off-market or IDT transfers, for more than '*v*' transactions, in a single account executed during the fortnight.

(vii) Transactions in dormant accounts: Any **debit** transaction in the dormant account will be reported as alert. It may be mentioned that any account having no 'Debit' transaction in the last 6 months will be considered as 'Dormant' account for this purpose.

NSDL is in the process of generating alerts as per the aforesaid modified criterion and DPs will be informed regarding the same in due course.

	Further, FIU-IND has also advised the depositories to do the following: 1. To incorporate the 'Financial status' and 'Nature of Business' of client in the Account Opening Form (AOF). 2. To incorporate 'Consideration' and 'Reasons/Purpose' in Delivery Instruction Slip (DIS) used for Off-market transactions. The modified AOF & DIS are incorporated in the Circular No. NSDL/POLICY/2007/0069 dated November 12, 2007 which is being issued simultaneously. DPs will be required to obtain the details in the AOF and DIS respectively, from the account holders which shall be in the form of declaration. DPs will be required to ascertain whether the transactions/alerts intimated by NSDL are of a suspicious nature and submit the report directly to The Director, FIU-IND, in the prescribed format, within seven working days of establishment of suspicion. Further, DPs are advised to undertake KYC reconfirmation exercise for these accounts including 'Financial Status' while scrutinizing the alerts. For the purpose of reporting suspicious transactions, attention of DPs is invited to formats enclosed with SEBI Circular No. ISD/CIR/RR/AML/2/06 dated March 20, 2006, which was circulated to DPs along with NSDL Circular no. NSDL/POLICY/2006/0025 dated July 17, 2006. DPs are also advised to keep FIU-IND informed about the name, address, email-id and contact details of Principal Officer. Any change therein must also be intimated to FIU-IND & NSDL. For further information, DPs are requested to contact Mr. Amit Shinde on Tel No. (022) 2499 4486 (email : shindea@nsdl.co.in) / Mr. Vinith Nair on Tel. No. (022) 2499 4414 (email : vinithn@nsdl.co.in).
Circular No. NSDL/POLICY/ 2007/0839 Date: July 11, 2007	**Sub : Amendment to the Rules framed under the Prevention of Money Laundering Act, 2002** With reference to NSDL Circular No. NSDL/POLICY/2006/0002 dated January 23, 2006, all Depository Participants (DPs) are hereby informed that the Securities and Exchange Board of India has vide its letter no. ISD/RR/AK/AML/97765/07 dated July 2, 2007 (copy enclosed) advised NSDL to intimate the DPs regarding Amendment to the Rules framed under the Prevention of Money Laundering Act, 2002. DPs are advised to ensure compliance of the above.

Annexure

OFFICER ON SPECIAL DUTY
INTEGRATED SURVEILLANCE DEPARTMENT

<div align="right">

ISD/RR/AK/AML/97765/07
July 2, 2007

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The Managing Director
NSDL
Trade World, 4th Floor,
Kamla Mills Compound
Senapati Bapat Marg,
Lower Parel
Mumbai 400 013

Dear Sir,

Subject: Amendment to the Rules framed under the Prevention of Money Laundering Act, 2002.

The Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Trasactions, the Procedure and Manner of Maintaining and Time for furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 framed under the Prevention of Money Laundering Act. 2002 have been amended vide Gazette notification dated May 24, 2007.

A copy of the notification is enclosed for reference. You may bring the contents of the said amendment to the notice of intermediaries registered through you for compliance.

Yours faithfully.

R Ravichandran

Encl: a.a.

MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION

New Delhi, the 24th May, 2007

    G.S.R. 389(E).-In exercise of the powers conferred by sub-section (I) read with clause (h), clause (i), clause (j) and clause (k) of sub-section (2) of section 73 of the Prevention of Money-laundering Act, 2002 (15 of 2003), the Central Government, in consultation with the Reserve Bank of India, hereby makes the following rules further to amend the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, namely:-

1. (1)   These rules may be called the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Amendment Rules, 2007.

    (2)   They shall come into force on the date of their publication in the Official Gazette.

2. In the Prevention of Money-laundering (Maintance of Records of the Nature and Value of transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005,-

    (i)   in rule 2, in sub-rule (I), clause (g), for sub-clause (c), the following sub-clauses shall be substituted, namely:-

        "(c)   appears to have no economic rationale or bona fide purpose: or

         (d)   gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;";

    (ii)   in rule 3, in sub-rule (I), for clause (C), the following clause shall be substituted, namely,-

"(C) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;";

(iii) for rule 8, the following rule shall be substituted, namely:-

"8. Furnishing of information to the Director.-(I) The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information in respect of transactions referred to in clause (A) and (B) of sub-rule (I) of rule 3 every month to the Director by the 15th day of the succeeding month.

(2) The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information promptly in writing or by fax or by electronic mail to the Director in respect of transactions referred to in clause (C) of sub-rule (I) of rule 3 not later than seven working days from the date of occurrence of such transaction.

(3) The Principal Officer of a banking company, a financial instituion and an intermediary, as the case my be, shall furnish the information promptly in writing or by fax or by electronic mail to the Director in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 not later than seven working days on being satisfied that the transaction is suspicious.";

(iv) in rule 9,-

(a) in sub-rule (3), (4) and (5), for the words "three certified copies", the words "one certified copy" shall be substituted;

(b) in sub-rule (6), for the words "three copies", the words "one certified copy" shall be substituted.

[Notification No. 4/2007-E.S./F. No. 6/13/2005-E.S.]
MUKUL SINGHAL, Jt. Secy.

Note: The principal rules were published in Part-II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary vide notification Number G.S.R. 444(E), dated the 1st July, 2005 and subsequently amended vide notification number G.S.R.717(E),dated the 13th December, 2005.

Circular No. NSDL/POLICY/ 2006/0035 Date: August 25, 2006	*Sub : Submission of report to Financial Intelligence Unit-India under the Prevention of Money Laundering Act, 2002* Attention of Participants is invited to our Circular No. NSDL/POLICY/2006/ 0025 dated July 17, 2006 regarding submission of information to Financial Intelligence Unit-India (FIU-IND) under the Prevention of Money Laundering Act, 2002. In this regard, all Participants are informed that FIU-IND has intimated to NSDL vide its letter no. F.No.17-1/2006-FIU dated August 14, 2006 that 'Nil' report need not be filed with FIU-IND. All other provisions of the aforesaid circular remain unchanged.
Circular No. NSDL/POLICY/ 2006/0025 Date: July 17, 2006	*CONFIDENTIAL* *Sub : Submission of information to Financial Intelligence Unit-India under Prevention of Money Laundering Act, 2002* This circular is sent to the Compliance Officer in hard copy form.

Circular No. NSDL/POLICY/ 2006/0013 Date: May 2, 2006	**Sub : SEBI circular on Anti Money Laundering Measures - Appointment of Principal Officer** Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2006/0002 dated January 23, 2006 regarding the guidelines for market intermediaries on Anti Money Laundering Standards issued by SEBI. Participants are further advised that SEBI has vide its circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 (refer SEBI website www.sebi.gov.in) advised the market intermediaries to report the details of 'Principal Officer' at the below given address: The Director Financial Intelligence Unit-India 6th Floor, Hotel Samrat Chanakyapuri New Delhi - 110 021. Participants who have not reported the aforesaid details are advised to do the needful at the earliest.
SEBI circular on Anti Money Laundering Measures	
Circular No. NSDL/POLICY/ 2006/0002 Date: January 23, 2006	Attention of Participants is drawn to SEBI circular no. ISD/CIR/RR/AML/1/06 dated January 18, 2006 enclosing the guidelines for market intermediaries on Anti Money Laundering Standards. A copy of the circular is enclosed for information and necessary action. **Annexure** **CHIEF GENERAL MANAGER** **INTEGRATD SURVEILLANCE DEPARTMENT** EMAIL – ravi@sebi.gov.in TEL : 022 22835701 Fax : 022 22870966 ISD/CIR/RR/AML/1/06 January 18, 2006 **To all Intermediaries registered with SEBI u/s 12 of the SEBI Act.** **(Through the stock exchanges for stock brokers, sub brokers and depositories for depository participants)** Dear Sir / Madam, Sub: - <u>Guidelines on Anti Money Laundering Standards.</u> 1. The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, Government of India. 2. As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue,

merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include :

- All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.

- All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.

- All suspicious transactions whether or not made in cash.

3.   The Guidelines enclosed herewith are being issued to the intermediaries as specified above, in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards. Compliance with these standards by all intermediaries and the country has become imperative for international financial relationships. It may be noted that these Guidelines lay down the minimum requirements / disclosures to be made in respect of clients. The intermediaries may, according to their requirements specify additional disclosures to be made by clients to address concerns of Money Laundering and suspicious transactions undertaken by clients.

4.   All intermediaries are advised to ensure that a proper policy framework as per the Guidelines on anti-money laundering measures is put into place within one month from the date of the circular. The intermediaries are also advised to designate an officer as 'Principal Officer' who would be responsible for ensuring compliance of the provisions of the PMLA. Names, designation and addresses (including e-mail addresses) of 'Principal Officer' shall also be intimated to the Office of the Director-FIU, 6th Floor, Hotel Samrat, Chanakyapuri, New Delhi -110021, India on an immediate basis.

5.   The detailed procedure incorporating the manner of maintaining information and matters incidental thereto for SEBI registered intermediaries, under the prevention of Money Laundering Act, 2002 and the Rules made thereunder and formats for reporting by the intermediaries are being finalised and would be issued subsequently.

6.   This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

R RAVICHANDRAN

Encl: a/a

GUIDELINES FOR ANTI MONEY LAUNDERING MEASURES

PART -I OVER VIEW

1. **Introduction**

   1.1 The Guidelines as outlined below provides a general background on the subjects of money laundering and terrorist financing summarizes the main provisions of the applicable anti-money laundering and anti-terrorist financing legislation in India and provides guidance on the practical implications of the Act. The Guidelines also sets out the steps that a registered intermediary and any of its representatives, should implement to discourage and identify any money laundering or terrorist financing activities. The relevance and usefulness of these Guidelines will be kept under review and it may be necessary to issue amendments from time to time.

   1.2 These Guidelines are intended for use primarily by intermediaries registered under Section 12 of the SEBI Act, 1992. While it is recognized that a "one-size-fits-all" approach may not be appropriate for the securities industry in India, each registered intermediary should consider the specific nature of its business, organizational structure, type of customers and transactions, etc. when implementing the suggested measures and procedures to ensure that they are effectively applied. The overriding principle is that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of the se measures and the requirements as enshrined in the Prevention of Money Laundering Act, 2002. (PMLA)

2. **Back Ground:**

   2.1 The Prevention of Money Laundering Act, 2002 has come into effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, Government of India.

   2.2 As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include:

   ❐ All cash transactions of the value of more than Rs 10 lacs or its equivalent in foreign currency.

☐ All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.

☐ All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as d-mat account, security account maintained by the registered intermediary.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' should also be considered.

3. **Policies and Procedures to Combat Money Laundering and Terrorist financing**

   3.1 **Guiding Principles**

   3.1.1 These Guidelines have taken into account the requirements of the Prevention of the Money Laundering Act, 2002 as applicable to the intermediaries registered under Section 12 of the SEBI Act. The detailed guidelines in Part II have outlined relevant measures and procedures to guide the registered intermediaries in preventing money laundering and terrorist financing. Some of these suggested measures and procedures may not be applicable in every circumstance. Each intermediary should consider carefully the specific nature of its business, organizational structure, type of customer and transaction, etc. to satisfy itself that the measures taken by them are adequate and appropriate to follow the spirit of the suggested measures in Part II and the requirements as laid down in the Prevention of Money Laundering Act, 2002.

   3.2 **Obligation to establish policies and procedures**

   3.2.1 International initiatives taken to combat drug trafficking, terrorism and other organized and serious crimes have concluded that financial institutions including securities market intermediaries must establish procedures of internal control aimed at preventing and impeding money laundering and terrorist financing. The said obligation on intermediaries has also been obligated under the Prevention of Money Laundering Act, 2002. In order to fulfill these requirements, there is also a need for registered intermediaries to have a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

   3.2.2 In light of the above, senior management of a registered intermediary should be fully committed to establishing appropriate policies and procedures for the prevention of

money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Registered Intermediaries should:

(a) issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements;

(b) ensure that the content of these Guidelines are understood by all staff members;

(c) regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness. Further in order to ensure effectiveness of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures;

(d) adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing;

(e) undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction; and

(f) develop staff members' awareness and vigilance to guard against money laundering and terrorist financing.

3.2.3 Policies and procedures to combat Money Laundering should cover:

(a) Communication of group policies relating to prevention of money laundering and terrorist financing to all management and relevant staff that handle account information, securities transactions, money and customer records etc. whether in branches, departments or subsidiaries;

(b) Customer acceptance policy and customer due diligence measures, including requirements for proper identification;

(c) Maintenance of records;

(d) Compliance with relevant statutory and regulatory requirements;

(e) Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and

(f) Role of internal audit or compliance function to ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

PART II DETAILED GUIDELINES

4.   Written Anti Money Laundering Procedures

4.1   Each registered intermediary should adopt written procedures to implement the anti money laundering provisions as envisaged under the Anti Money Laundering Act, 2002. Such procedures should include inter alia, the following three specific parameters which are related to the overall **'Client Due Diligence Process':**

a.   Policy for acceptance of clients

b.   Procedure for identifying the clients

c.   Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)

5.   Customer Due Diligence

5.1   The customer due diligence ("CDD") measures comprise the following:

(a)   Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

(b)   Verify the customer's identity using reliable, independent source documents, data or information;

(c)   Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted;

(d)   Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c); and

(e) Conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds.

5.2 Policy for acceptance of clients:

5.2.1 All registered intermediaries should develop customer acceptance policies and procedures that aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing such policies and procedures, they will be in a better position to apply customer due diligence on a risk sensitive basis depending on the type of customer business relationship or transaction. In a nutshell, the following safeguards are to be followed while accepting the clients:

a) No account is opened in a fictitious / benami name or on an anonymous basis.

b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters should enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile.

c) Documentation requirement and other information to be collected in respect of different classes of clients depending on perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.

d) Ensure that an account is not opened where the intermediary is unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the intermediary is suspected to be non genuine, perceived non cooperation of the client in providing full and complete information. The market intermediary should not continue to do business with such a person and file a suspicious activity report. It

should also evaluate whether there is suspicious trading in determining in whether to freeze or close the account. The market intermediary should be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary should consult the relevant authorities in determining what action it should take when it suspects suspicious trading.

e) The circumstances under which the client is permitted to act on behalf of another person / entity should be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e the agent-client registered with the intermediary, as well as the person on whose behalf the agent is acting should be clearly laid down). Adequate verification of a person's authority to act on behalf the customer should also be carried out.

f) Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide .

5.3 Risk-based Approach

5.3.1 It is generally recognized that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. As such, the registered intermediaries should apply each of the customer due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries should adopt an enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries should obtain necessarily depend on the risk category of a particular customer.

5.4 Clients of special category (CSC):

Such clients include the following-

a. Non resident clients

b. High networth clients,

c. Trust, Charities, NGOs and organizations receiving donations

d. Companies having close family shareholdings or beneficial ownership

e. Politically exposed persons (PEP) of foreign origin

f. Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)

g. Companies offering foreign exchange offerings

h. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.

i. Non face to face clients

j. Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and the intermediary should exercise independent judgment to ascertain whether new clients should be classified as CSC or not.

5.5 Client identification procedure :

➢ The 'Know your Client' (KYC) policy should clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the intermediary – client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

➢ The client should be identified by the intermediary by using reliable sources including documents / information. The intermediary should obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

	➤ The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the Guidelines. Each original documents should be seen prior to acceptance of a copy.
	➤ Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority within the intermediary.
	➤ SEBI has prescribed the minimum requirements relating to KYC for certain class of the registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, all registered intermediaries should frame their own internal guidelines based on their experience in dealing with their clients and legal requirements as per the established practices. Further, the intermediary should also maintain continuous familiarity and follow-up where it notices inconsistencies in the information provided. The underlying principle should be to follow the principles enshrined in the PML Act, 2002 as well as the SEBI Act, 1992 so that the intermediary is aware of the clients on whose behalf it is dealing.
	6. Record Keeping
	6.1 Registered intermediaries should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.
	6.2 Registered Intermediaries should maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.
	6.3 Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries should retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:
	(a) the beneficial owner of the account;
	(b) the volume of the funds flowing through the account; and
	(c) for selected transactions:
	• the origin of the funds;

- the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;

- the identity of the person undertaking the transaction;

- the destination of the funds;

- the form of instruction and authority.

6.4 Registered Intermediaries should ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, they should consider retaining certain records, e.g. customer identification, account files, and business correspondence, for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

7. Retention of Records

7.1 The following document retention terms should be observed:

(a) All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

(b) Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence should also be kept for the same period.

7.2 In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

8. Monitoring of transactions

8.1 Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. This is possible only if the intermediary has an understanding of the normal activity of the client so that they can identify the deviant transactions / activities.

8.2 Intermediary should pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to the transaction which exceeds these limits.

8.3 The intermediary should ensure a record of transaction is preserved and maintained in terms of section 12 of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified

under section 12 of the act is reported to the appropriate law authority.

Suspicious transactions should also be regularly reported to the higher authorities / head of the department.

8.4 Further the compliance cell of the intermediary should randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transactions or not.

9. Suspicious Transaction Monitoring & Reporting

9.1 Intermediaries should ensure to take appropriate steps to enable suspicious transactions to be recognised and have appropriate procedures for reporting suspicious transactions. A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

a)   Clients whose identity verification seems difficult or clients appears not to cooperate

b)   Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing/business activity;

c)   Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;

d)   Substantial increases in business without apparent cause ;

e)   Unusually large cash deposits made by an individual or business;

f)   Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;

g)   Transfer of investment proceeds to apparently unrelated third parties;

h)   Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks /financial services, businesses reported to be in the nature of export-import of small items.

9.2 Any suspicion transaction should be immediately notified to the Money Laundering Control Officer or any other designated officer within the intermediary. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it should be ensured that there is continuity in dealing with the client as normal until told otherwise and the client should not be told of the report/suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and

transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken.

10. Designation of an officer for reporting of suspicious transactions

10.1 To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions.

11. High standards in hiring policies and training with respect to anti-money laundering

11.1 The registered intermediaries should have adequate screening procedures in place to ensure high standards when hiring employees. They should identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties. The registered intermediaries must provide proper anti money laundering and anti-terrorist financing training to their staff members.

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11. Connectivity / Reconciliation

Regulation 47	Every participant shall reconcile his records with every depository in which it is a participant, on a daily basis
Bye Law 6.3.5	The Depository shall obtain, on a daily basis, the Client details from all Participants. The details shall be obtained in respect of the changes in the accounts of the Clients from the processing undertaken at the end of the previous working day. The Client details shall include the Client name, address and also the security wise details of the balance of the Client.
Bye Law 6.3.7	It shall be the responsibility of each Participant to promptly check and reconcile with its own records the details of such advices, statements and reports and to promptly notify the Depository of any error or omission contained in such advices, statements and reports within the time specified by the Depository.
Bye Law 6.3.10	Every Participant shall reconcile his records with those of the Depository on a daily basis.
Bye Law 10.1.1	The Participant shall intimate the Depository, all security balances held by the Participant with the Depository on a daily basis at the end of the day and the said balances will be reconciled with its balance held by the Depository.
Bye Law 10.1.3	If there is failure of the reconciliation as specified in Bye Law 10.1.1 and Bye Law 10.1.2 above, the Depository may initiate necessary action including suspension of a Participant or suspension of transactions in a particular security till the process of reconciliation has been completed.
Clause 12 of NSDL-DP Agreement	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.
Rule 15.1.1	The Participant shall effect internal reconciliation of its accounts on a daily basis through the DPM (DP) or the DPM (CC) as the case may be.
Rule 15.1.2	The Participant shall reconcile the total of balances held in different accounts in the DPM (DP) or the DPM (CC), as the case may be, with its balance held in the DM on a daily basis.
Rule 15.1.3	The Participant shall, at the end of each day, electronically provide to the Depository the details of the changes made in the accounts of the Client from the last EOD processing.
Readiness for Dial-up connectivity	
Circular No. NSDL/PI/2002/1736 Date : October 9, 2002	As per SEBI Regulations, it is mandatory to maintain continuous electronic means of communication between the Depository and its Participants. For this purpose the primary mode of connectivity between the Participant's DPM system and NSDL is either through VSAT or leased line. Participants are also required to maintain dial-up telephone line as a fall back to the primary mode of connectivity. However, there have been instances where Participant's primary mode of connectivity had failed and Participants were unable to establish dial-up connectivity.
	In order to ensure readiness of Participants to meet such eventualities, NSDL on a random basis, has been advising Participants to connect their DPM setup through dial-up mode. The procedure for connecting their DPM setup through dial-up mode is provided to Participants alongwith the CD for Systems Administrator Training. However, it has been observed that many Participants have failed to connect their DPM system through dial-up link.

	Participants are therefore advised to train their staff so as to ensure that connectivity to NSDL is established using telephone dial-up facility. The aforesaid procedure for configuration of various types of modems is also posted on NSDL Intranet Server (http://sqlassist), under the heading "Online Connectivity Documents".
WAN to WAN Connectivity	
Circular No. NSDL/PI/2001/1849 Date: December 18, 2001	WAN TO WAN is a browser-based application, which will enable the branches of the Participant to directly interact with its DPM server through Participant's own Wide Area Network (WAN) and provide upto date information and depository services to its clients.

Participants who wish to avail WAN to WAN connectivity facility, are advised to note the following:

1. Participants will need permission from the Department of Telecommunication (DOT) for the purpose of its WAN connectivity with that of NSDL.

2. Participants will have to follow the policy guidelines of CUG to CUG issued by DOT, from time to time.

3. Participants may have to upgrade their DPM server and provide for additional hardware to support this function. NSDL will provide the sizing guidelines in this regard on one to one basis depending on the volume envisaged by Participant and present size of operation.

4. Participants will have to adhere to the security requirements as prescribed by NSDL. It may be noted that the security requirements may vary from case to case depending upon the usage of the inter connectivity and the same will be provided separately to the Participants.

5. Participants will have to ensure that access to DPM system from branch offices are appropriately authorised.

6. Participants will be required to configure its own WAN router as per the specifications of NSDL and Participants will also be required to install a firewall prescribed by NSDL.

7. Participants will have to apply service pack 6 (SP6) on Windows NT operating system of its DPM server before installing WAN TO WAN software.The fees payable for availing of this facility is Rs. 40,000/- per annum per DPM setup. The fees shall be payable to NSDL every year, in advance.

Participants may contact Mr. Jignesh Gandhi or Mr. Milind Mungale on Tel. No. (022) 460 8037 / 497 6347, in case any further clarification is required.

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12. Record Keeping

Section 2 (I)	Record includes the records maintained in the form of Books or stored in a computer or in such other form as may be determined by regulations.
Regulation 49 (1)	Every participant shall maintain the following records and Documents, namely:- a) records of all the transactions entered into with a depository and with a beneficial owner; b) details of securities dematerialised, rematerialised on behalf of beneficial owners with whom it has entered into an agreement; c) records of instructions received from beneficial owners and statements of account provided to beneficial owners; and d) records of approval, notice, entry and cancellation of pledge or hypothecation, as the case may be.
Regulation 49 (4)	Every participant shall intimate the Board the place where the records and documents are maintained.
Regulation 49 (5)	Subject to the provisions of any other law, the participant shall preserve records and documents for a minimum period of five years.
Regulation 50	Where records are kept electronically by the participant, it shall ensure that the integrity of the data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and in the event of loss or destruction, ensure that sufficient back up of records is available at all times at a different place.
Regulation 51	If a participant enters into an agreement with more than one depository, it shall maintain the records specified in regulation 49 separately in respect of each depository.
Bye Law 10.2.7	Every Participant shall maintain the following records and documents, namely: a) records of all the transactions entered into with a Depository and with a Client; b) details of securities dematerialised, rematerialised on behalf of Clients with whom it has entered into an agreement; c) records of instructions received from Clients and statements of account provided to Clients; and, d) records of approval, notice, entry and cancellation of pledge or hypothecation, as the case may be.
Bye Law 10.2.8	Every Participant shall intimate the Depository, the place where the records and documents are maintained.
Bye Law 10.2.9	Subject to the provisions of any other law, the Participant shall preserve records and documents for a minimum period of five years.
Rule 16.1.1	Every Participant of the Depository shall maintain the following records relating to its business for a period of five years :- i. Delivery/Receipt Instructions given by its Clients. ii. Forms submitted by the Clients to the Participant for : - a) Opening of accounts with the Participant; b) Closing of accounts with the Participant;

	c) Freezing of accounts with the Participant;
	
	d) Defreezing of accounts with the Participant.
	
	iii. Copies of correspondence from the Clients on the basis of which Clients details were updated in the DPM;
	
	iv. Record of all actions taken on the exception reports, generated by the system;
	
	v. A register showing details of grievances received from the Clients and their present status. The following details may be specified in this regard:-
	
	     a) name of the Client;
	
	     b) reference number of the Client;
	
	     c) date;
	
	     d) particulars of complaints;
	
	     e) actions taken by the Participant;
	
	vi. if the matter is referred to arbitration, then the particulars including the present status thereof.
	
	vii. instructions received from the Clearing Member to transfer balances from the Pool account to the Delivery account of the Clearing Member in order to enable it to meet its obligations to the Clearing Corporation;
	
	viii. instructions from the clearing member authorising the transfer of securities from the pool account of the clearing member to the accounts of its clients
	
	ix. The forms received in respect of pledge of securities;
	
	x. The forms received in respect of transmission of securities
	
	xi. The forms received in respect of securities lending.
	
	xii. Record of serial numbers of the instruction forms for debit or pledge of securities in a Client account, issued to its Clients.

Rule 16.1.2	The following records pertaining to dematerialisation and rematerialisation of securities shall be kept by the Participants until the process of dematerialisation or rematerialisation is completed :- i. Dematerialisation request form (DRF and DRF-GS) filled by the Client; ii. Certificate details of securities sent for dematerialisation; iii. Proof of deliveries of DRF and securities to the Issuer or its Registrar and Transfer Agent and proof of delivery of DRF-GS and Government Securities to the Depository; iv. Objection memo and certificate details of the rejected securities against the DRN; v. Rematerialisation Request Form (RRF and RRF-GS) submitted by the Client vi. Proof of delivery of RRF to the Issuer or its Registrar & Transfer Agent and proof of delivery of RRF-GS to the Depository.
Rule 16.1.3	The Participant shall intimate to the Depository, the place where the above records are kept and available for audit/inspection

Rule 16.1.4	The above requirements relating to maintenance of records shall apply not only to the records of the Participant's principal office but also any branch office and to any nominee company owned or controlled by the Participant for the purpose of conducting the business of the Participant relating to the operations of the Depository.
Rule 16.4.1	The records specified in Rules 16.1 and 16.2 above may be maintained either in physical or in electronic form. Where the records are kept by the Participant or the Issuer or its Registrar & Transfer Agent in electronic form, it shall do so with the prior approval of the Depository and shall ensure that the integrity of the data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and ensure that sufficient backup of records is available at all times at a different place. However, the prior approval of the Depository is not required if the Participant has been permitted to receive instructions from the Client in an electronic form in the manner specified in the first proviso to Rule 4.5.1.

SEBI circular on maintenance of records and documents

| Circular No. NSDL/PI/2005/1476 Date: August 12, 2005 | Attention of Participants is invited to Regulation 49 of SEBI (Depositories and Participants) Regulations, 1996, Bye Laws 10.2.7, 10.2.9 & Chapter 16 of the Business Rules of NSDL that require Participants to preserve records and documents for a minimum period of five years. SEBI vide its circular no. SEBI/ MRD/DEP/Cir- 16/2005 dated August 4, 2005 (copy enclosed) has advised the Participants that if copies of various documents / records are taken by CBI, Police or any other enforcement agency during the course of any investigation, Participants will be required to preserve the original records and documents, both in electronic and physical form as the case may be, till the completion of the trial.

Participants are advised to ensure compliance of the above. |
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Annexure

GENERAL MANAGER
Market Regulation Department
Division of Policy

SEBI/MRD/DEP/Cir- 16/2005
August 4, 2005

1.   The Managing Director, NSDL and

2.   The Executive Director, CDSL

Dear Sir,

Sub: Maintenance of books of accounts and other documents

1.   In terms of regulations 38 and 49 of the SEBI (Depositories and Participants) Regulations, 1996 (hereinafter referred to as D&P Regulations, 1996), Depositories and Depository Participants are required to preserve the records and documents for a minimum period of 5 years.

2.   It is noticed that enforcement agencies like CBI, Police, Crime Branch etc. have been collecting copies of the various records/documents during the course of their investigation. These original documents both in physical form and electronic form would be required by such enforcement agencies during trial of the case also.

3.   In view of the above, not withstanding anything contained in D&P Regulations, 1996, you are advised to preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till the trial is completed.

4.   The Depositories are advised to:-

   a)   make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;

   b)   bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website; and

   c)   communicate to SEBI the status of the implementation of the provisions of this circular in Sec. III Item No. E of the Monthly Development Report for the month of September 2005.

5.   This circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

V S SUNDARESAN

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13. Systems

a. General

Regulation 45	Every participant shall maintain continuous electronic means of communication with each depository in which it is a participant
Clause 13 of NSDL-DP Agreement	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 backoffice 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.
Rule 4.1.1.	The User shall carry out transactions relating to the Depository only through the approved User Hardware System located at approved locations of the office of the User. No other workstation, computer system or hardware may be connected to the User Hardware System without the prior approval of the Depository.
Rule 4.1.3	A User shall have a non-exclusive permission to use the DPM as provided by the Depository in the ordinary course of its business as such User.
Rule 4.1.5	A User shall not use or permit any other person to :-
	i. use the software provided by the Depository for any purpose other than the purpose as approved and specified by the Depository;
	ii. use the software provided by the Depository on any equipment other than the User Hardware System;
	iii. copy, alter, modify or make available to any other person, the software provided by the Depository;
	iv. use the software in any manner other than the manner as may be specified by the Depository;
	v. attempt directly/indirectly to decompile, disassemble or reverse engineer the same.
Rule 9.2.1	The Participant and the Participant which is a Clearing Corporation shall install the hardware and software which shall be in conformity with the configurations specified by the Depository from time to time.

Rule 9.2.2	The Depository shall provide an application software called the Depository Participant Module [DPM (DP)] to the Participant and an application software called the Depository Participant Clearing Corporation Module [DPM(CC)] to the Participant which is a Clearing Corporation, and any upgradations or modifications to such software on payment of such fees as may be determined by the Depository.

Master Circular on back office file formats

Circular No. NSDL/POLICY/ 2008/0054 Date: August 9, 2008	**Sub : Master Circular on back office file formats for interface with DPM System**
	As all Depository Participants (DPs) are aware, NSDL has been augmenting and integrating various features in the DPM System. In this regard, back office file formats relating to interface with the DPM system concerning various software version releases have been provided to DPs vide various circulars.
	All the file formats issued till Version 8.2 have now been consolidated into a single one through a 'Master Circular'. An index is enclosed as Annexure I which highlights various types of back office file formats that are required to interface with the DPM System for the purpose of import/exports of data into/from the DPM system. DPs are requested to note that the softcopy of updated back office file formats would be available for download on Intranet site of NSDL (http://sqlassist/back office file formats updated till Version 8.2) with effect from August 18, 2008.
	The 'Master Circular' would facilitate DPs to design/configure back office interface with the DPM System.
	For any information/clarifications, DPs are requested to contact Mr. Nilesh Pandit, Mr. Rakesh Mehta or Mr. Sharat Karnad on telephone numbers (022) 2499 4601 to 4610.

<div align="center">

Annexure I

Particulars

</div>

1	Master Exports	
	A	Business Partner Master Export
	B	Security ISIN Master Export
	C	Clearing Corporation Calendar Export
	D	Auto Corporate Action Export
	E	Corporate Action Master Export
2	Branch Master Import	
3	Client Master Exports and Imports	
	A	Client Master Export
	B	Client Signature Export
	C	Client Master Creation Import
	D	Bulk Verify/Release Import - Client Verify Release Import CVR Import

	E	Client Master Modification Import
	F	Bulk Verify/Release Import - Client Master Modification
	4	DPM Transactions Imports
	5	Statement of Holding and Statement of Transaction Exports
	6	Change Orders for the Day Export (COD)
	7	Power of Attorney
	8	Static Data Codes
	9	*SPEED-e* file formats

DPs are requested to note that back office file formats would be available for download on Intranet site of NSDL (http://sqlassist/back office file formats updated till Version 8.2).

Multi Protocol Label Switching (MPLS)

Circular No. NSDL/POLICY/ 2008/0067
Date: October 10, 2008

Sub: Multi Protocol Label Switching (MPLS) - Connectivity

All Participants were informed vide Circular no. NSDL/POLICY/2008/0061 dated September 6, 2008 about MPLS. The service providers selected for NSDL MPLS connectivity are TATA COMMUNICATIONS and TULIP TELECOM Ltd. Participants have a choice to avail services from either of the service providers. The Participants also have an option of selecting both the service providers to maintain redundancy. Further, the Participants have an option of Wireline or Wireless connectivity for the last mile (subject to feasibility). The Tariff for different bandwidth (64kbps to 2Mbps) is given in Annexure I.

Besides offsetting the disadvantages of the existing setups, MPLS connectivity combines certain distinct benefits of both present leased line and VSAT networks. In addition, it also offers certain unique features which are not available in existing set-up. A set of such distinct advantages offered by MPLS connectivity are mentioned below:

1) Just as VSAT network, MPLS connectivity charge is distance independent and will be uniform across the country. Thus, it overcomes limitation of present leased line connectivity where Intra-city (Mumbai & by the virtue of Hierarchical network in Delhi) charges and Intercity charges are different.

2) Under MPLS network, the Participants will have a much better uptime as NSDL is entering into service level agreement (SLA) for 99.5% uptime with the service providers.

3) Unlike VSAT network and present leased line network, MPLS network offers the option to upgrade the bandwidth for a temporary period of a few days with two weeks advance notice and then revert back to original bandwidth. Under this arrangement, Participants pay for higher bandwidth only for this interim period of a few days. This facility can be very useful if Participants are considering a large scale account opening or such bandwidth intensive activity.

4) Just as existing leased line network, the Participants connecting through MPLS network will continue to have uninterrupted access to business

	partner email facility, direct access to SPEED-e, IDeAS, and PAN verification, NSDL hosted internet facilities which are not available for VSAT connected Participants. MPLS connectivity offers a more robust seamless diversion of traffic to NSDL Disaster Recovery site (DRS) in the event of disaster as compared to present Leased line and VSAT traffic diversion where there is some dependency on NSDL primary production site. 5) In case of MPLS primary connectivity failure, provision is available to dial out using ISDN line to the service providers POP in the same city with local call charges. This fallback is much simpler to activate as compared to the PPP based dial-up connectivity to NSDL datacenter where certain technical expertise is necessary to setup configuration. VSAT users however will only have PPP option. Migration to IP VSAT requires Broker-Participants to procure Layer 3 switch (for dual use viz trading and depository service) and commit lock-in for a period of four years or forgo whole/part of the Rs. One lac deposit. The incremental cost to use IP VSAT for depository function (Approx. Rs. 60,000) is almost the same for entry level MPLS connectivity (Rs. 65,000). Migration to MPLS connectivity is a better option for Participants considering the benefits mentioned above. Since MPLS connectivity provides for a seamless diversion of traffic to NSDL DRS by the service providers, NSDL will need to maintain present diversion infrastructure only for remainder IP VSAT users. IP VSAT users will now also be levied certain annual charge by NSDL for the maintenance of this infrastructure. The charge will be finalised after clarity of number of VSAT users emerges. Since NSE has already informed that switchover to IP VSAT will be concluded by end of October 2008, those VSAT users who are desirous to opt for MPLS connectivity must send written confirmation to NSDL helpdesk latest by 25th October 2008 so that NSDL can arrange for their migration on a priority basis. The Rollout of MPLS network will begin from first week of November 2008. The feasibility survey by MPLS service provider will be done for VSAT users who have already given their confirmation for MPLS. Participants are requested to extend necessary co-operation to the service providers in this regard. The present IP VSAT user Participants may note that in case they plan to continue with IP VSAT for dual use, then they must procure and install Layer3 switch (as mentioned in NSDL circular NSDL/Policy/2008/0050 dated July 10, 2008) and inform NSDL of the same by filing a revised Form B by 25th October, 2008. For any queries / clarifications, please feel free to contact Mr. Umesh Suvarna (Asst. Vice President) on 2499 4459 or Mr. Manoj Mhatre (Sr. Manager) on 2499 4452.

ANNEXURE -I		
MPLS TARIFF		
No	Bandwidth	Annual Charges
1	64 kbps	Rs. 65,000/-
2	128 kbps	Rs. 75,000/-
3	256 kbps	Rs. 85,000/-
4	512 kbps	Rs. 1,15,000/-
5	1 mbps	Rs. 1,65,000/-
6	2 mbps	Rs. 2,50,000/-

One Time Installation Cost :- Rs 11,000/-

All above charges inclusive of Taxes

Circular No. NSDL/POLICY/2008/0061
Date: September 6, 2008

Sub: Migration to Multi Protocol Label Switching (MPLS)

NSDL, vide its Circular no NSDL/POLICY/2008/0050 dated July 10, 2008 had informed all Depository Participants (DPs) about NSE initiated migration of its current X.25 VSAT network to an IP based VSAT network. Considering the possible network security threats in IP network, NSE has decided to implement stringent network controls. DPs who plan to use VSAT for both trading as well as depository operation were advised to procure CISCO layer 3 switch (Models : 3560 and 3750) to ensure segregation of DPM and trading network. NSDL has as a measure to enable DPs to protect already made investment, decided to allow the use of layer 3 switches from manufacturers other than CISCO on case to case basis on specific representation from DP. DPs intending to use layer3 switch of other manufacturers are required to write to NSDL giving detailed technical specifications and obtain necessary permission.

At present DPs are allowed to establish primary connectivity with NSDL either through Point to Point Lease Line or NSE provided VSAT. While many DPs have opted for Point to Point Leased Line, the cost of connectivity differs from DP to DP, due to the distance factor. Intercity circuits (outside Mumbai) and Intracity circuits (local circuits) are being charged differently. In order to bring in uniform cost structure across country and to ensure high availability of Network connectivity to NSDL primary and DRS site, NSDL is in process of migrating its present Leased Line network to Multi Protocol Label Switching (MPLS) technology. Under this implementation DPs will bear same cost for connectivity irrespective of being located in Mumbai or other city. After a detailed evaluation, it is observed that MPLS option is cost effective, reliable and provides more redundancy. The migration process for the Leased Line users is expected to start from first week of November 2008. The exact schedule will be communicated after the detailed roll-out plan is finalised.

Considering that MPLS network cost is comparable to that of VSAT and affords dedicated bandwidth to DP unlike VSAT, NSDL is also extending this option to present VSAT connected DPs. If VSAT connected DP exercise MPLS option than this will also be included in this roll out plan starting November 2008.

Advantages of MPLS technology:

- ➢ Continuous availability of both Primary and Disaster recovery sites.
- ➢ Centralized manageability, single point of contact for service issues.
- ➢ Bandwidth on demand for last mile which is fully scalable.
- ➢ Uniform charges across country
- ➢ 24 hour email facility
- ➢ Network Uptime 99.5%
- ➢ In built redundancy in network connectivity.
- ➢ Highest redundancy levels to ensure no single point of failure.
- ➢ End-to-end assured network security.
- ➢ No need to procure additional Layer 3 switch if DP intends to surrender VSAT and migrate to MPLS based network.
- ➢ Temporary upgrade of Bandwidth with 15 days notice is possible.
- ➢ Direct connectivity option to NSDL's SPEED-e, STeADY and PAN verification infrastructure

NSDL is in the process of finalising two service providers for MPLS network thus providing DPs a choice. Further DP's can also choose the connectivity medium as Wired or Wireless connectivity. The charges for 64kbps MPLS VPN will be approximately Rs.65,000/- per year (inclusive of Taxes). There would be one time installation charge of approximately Rs 15,000/-. Thus overall charge structure for various mode of connectivity compares as follows.

Mode of Connectivity	Deposit charges	One time	Annual charges
Existing VSAT(X.25 network)	Rs.2,00,000/-	Rs.17,750/-	Rs.1,50,000/- for all cities
New VSAT (IP network)	Rs.1,00,000/-	___	Rs.1,00,000/- for all cities **
Point to Point 64kbps Leaseline.	___	___	Rs.75,000/- Minimum for Mumbai & Delhi hierarchical network user For other cities circuits charge is Rs.36,500/- + MTNL actual charge which is higher than 75,000/- P.A .
MPLS 64kbps	Nil	Rs.15,000/-	Rs.65,000/- for all cities

** New VSAT charge structure for broker members is as per NSE website. Clarifications for charges payable by DP is awaited from NSE.

Considering the benefits, NSDL intends to migrate mandatory all point to point lease line users to MPLS network. There will be no additional capital investment required from the DPs. The DP's will have an option for higher bandwidth such as 2 mbps. Such DPs will have to pay additional annual charge for higher bandwidth. Based on the bandwidth choice indicated by the DP, NSDL will work out the charge structure with the service providers and communicate the same to DP's.

	While NSDL will continue to provide an option to connect through NSE VSAT network to DP's, it may be noted that on IP based new VSAT network of NSE demands more stringent security controls. DPs will have to segregate network through acquisition of layer3 switch (approximate cost ranges from Rs1.5Lac to Rs 2.0Lac) at its end. While NSDL helpdesk will endeavour to provide technical support for DPs DPM system problem, due to stringent security related restrictions some of the remote support techniques may have to undergo changes and flexibility available at present may not be feasible under new VSAT network. Such restriction will however not apply to MPLS network
	DP's who have connected to NSDL using VSAT and who wish to now shift to MPLS connectivity are requested to send their confirmation to NSDL helpdesk latest by September 15, 2008. Such DP's then will not be required to invest in layer3 switch.
	For any queries / clarifications, please feel free to contact Mr. Umesh Suvarna (Asst. Vice President) on 2499 4459 or Mr. Manoj Mhatre (Manager) on 2499 4452.
Circular No. NSDL/POLICY/ 2008/0050 Date: July 10, 2008	**Sub: Migration from X.25 protocol to TCP/IP** All Depository Participants (DPs) are hereby informed that NSE vide its Circular no NSE/MEMB/10833 dated June 13, 2008 has intimated its members about enhancing its current X.25 trading network to an IP based trading network. NSE's current Trading System uses the X.25 protocol over its terrestrial and satellite based Wide Area Network (WAN). The new IP based satellite network is now being implemented. NSE will replace the Indoor unit (IDUs) located at member locations in a phased manner.
	As against the earlier Indoor unit which had two ports and DPs could use Port 1 for NSE trading purposes and Port 2 for NSDL purposes, the new Indoor unit will have only one Ethernet Port. As a measure of good practice to segregate trading and depository traffic, NSDL & NSE have jointly worked out a design which requires common members who wishes to use VSAT for both depository and trading activity to install Layer3(L3) switch. However, DPs who are using VSAT only for depository operation need not install L3 switch. Hence, DPs who wish to continue using the same VSAT for their Trading and Depository data traffic will be required to procure L3 switch.
	DPs who plan to use VSAT for both trading as well as depository operation may procure any of the CISCO Layer 3 switch (Models : 3560 and 3750) for this purpose. NSDL will provide details of DP end configuration in due course. DPs are required to note the following : 1. Schedule for the migration of VSAT IDU will be undertaken as per the NSE plan for the migration. This will be informed to the DPs as soon as the plan is communicated by NSE. 2. DPs who plan to use VSAT for both trading and depository are required to have the L3 switch available at the time of migration. Unless the L3 switch is ready and configured, NSDL connectivity cannot be established. 3. Configuration of L3 switch and changes in the router configuration has to be carried out by DP in the presence of their vendor engineer or ask the vendor to do it on their behalf. Any mistake / error in doing so will lead to longer duration dis-connection of the connectivity between DPs set-up and NSDL central system.

	4. Cost of the VSAT services will be as per the revised costing decided and communicated by NSE, from time to time.
	DPs are required to inform NSDL about the date for procurement of L3 Switch and submit Form B.
	For any clarifications / assistance in this regard, DPs may contact Mr. Manoj Mhatre or Mr.Dhananjay Kolpe on Tel. nos. 24994452 and 24994458.
Circular No. NSDL/POLICY/ 2008/0043 Date: June 9, 2008	**Sub : Migration from Parallel Port Dongle to USB Dongle** NSDL DPM Setup uses Dongle for secure storage of encryption keys used for secure data transmission between NSDL DM System and DPM System. All Depository Participants are hereby informed that NSDL has planned to replace the current Parallel Port Dongle used in DPM Setup with USB Dongle. NSDL intends to migrate DPM Setup from Parallel Port dongle to USB Dongle in a phased manner in coming weeks. All DPM Setups will be migrated to USB Dongle by the end of August 2008. The USB Dongle and the CD containing Software & Installation Manual would be provided by NSDL. Installation of USB Dongle should be undertaken only after obtaining appropriate technical guidance and clearance from NSDL Helpdesk. Subsequent to the installation of USB Dongle, Depository Participants are advised to return back the Parallel Port Dongle to NSDL. For maintaining secure connectivity with NSDL, all the Depository Participants are requested to kindly make note of the following points: 1. For security reasons, it is advisable to connect the USB Dongles on to the USB ports available on the rear side of DPM Server. In case of non-availability of USB ports on the rear side of Server, the USB Dongles should be connected to the front side of Server. 2. In case of loss or faulty Dongle, the Depository Participant will not be able to establish application level connectivity with the NSDL DM System. In such an event, the Depository Participants will have to immediately contact NSDL Helpdesk and request for alternate mode of connection.
EOD timing for Participants	
Circular No. NSDL/POLICY/ 2008/0068 Date: October 10, 2008	**Sub: EOD timing for Participants - 8.30 pm on weekdays** As all Participants are aware, End of the Day (EOD) for Participants commences at 8.00 pm on weekdays (Monday to Friday) and 4.30 pm on Saturdays. Participants can verify/release instructions with the current execution date until such time. All Participants are hereby informed that with effect from **Monday October 13, 2008**, the EOD process at the DPM System will commence at **8.30 pm** instead of 8.00 pm on weekdays. The DPM System will display "My business end time 8.30 pm" on weekdays. Further, the EOD at DM will commence at 9.00 pm on weekdays. Participants are requested to note that EOD for Saturday will be remain **unchanged** i.e. DPM System will display "My business end time 4.30 pm" and EOD at DM will commence at 5.00 pm. **In case the DPM system does not display the aforesaid message i.e. "My business end time 8.30 pm" by 6.00 pm on October 13, 2008, Participants are requested to contact helpdesk.**

Circular No. NSDL/POLICY/ 2008/0038 Date: May 30, 2008	***Sub: EOD timing for DPs - 8.00 pm on weekdays and 4.30 pm on Saturdays***
	As all Depository Participants (DPs) are aware, End of the Day (EOD) for DPs commences at 7.30 pm on weekdays (Monday to Friday) and 4.00 pm on Saturdays. DPs can verify/release instructions with the current execution date until such time. In light of the increased transaction volumes, DPs are hereby informed that with effect from **Monday June 2, 2008**, the EOD process at the DPM System will commence at **8.00 pm** instead of 7.30 pm on weekdays and at **4.30 pm** instead of 4.00 pm on Saturdays. The DPM System will display "My business end time 8.00 pm" and "My business end time 4.30 pm" on weekdays and Saturdays respectively. Further, the EOD at DM will commence at 8.30 pm on weekdays and 5.00 pm on Saturdays.
	In case the DPM system does not display the aforesaid message i.e. "My business end time 8.00 pm" by 6.00 pm on June 2, 2008, DPs are requested to contact helpdesk.
Version Releases and Features	
Circular No. NSDL/POLICY/ 2008/0059 Date: September 1, 2008	***Sub : Release of Version 8.7 and its features***
	All Depository Participants (DPs) are hereby informed that Version 8.7 of the DPM System is scheduled for release on September 6, 2008. Compact Discs (CDs) containing Version 8.7 of the DPM System and instructions regarding upgradation will be sent to DPs by courier separately.
	The features of Version 8.7 are given below:
	1) **Standing Instruction (SI) Indicator in enabled status for Client Category - Individual, Type - Resident and Sub-Type - Ordinary :**
	SI indicator in the DPM system would be in an enabled status with respect to Client Category : Individual, Type : Resident and Sub-type : Ordinary at the time of opening demat accounts. For those Clients who have not opted for SIs, the DP should disable the SI indicator in the DPM System.
	Impact on back office file formats:
	With respect to back office file formats, the input file structure will remain the same and DPs will continue to assign the value for SI indicator as 'Y' or 'N'
	2) **SMS flag indicator to be automatically enabled after the mobile numbers of the account holders are captured / modified in the DPM System :**
	The SMS flag of the account holder will automatically get enabled in the DPM system after the DP captures the mobile number (DPs are advised to strictly capture the ten digit mobile number with the first digit as "9") of the respective account holders at the time of opening of demat accounts or modifying mobile numbers of the existing account holders.
	If the Client submits the mobile number but does not wish to opt for the SMS Alert facility, the DP should capture the mobile number in the DPM system and disable the SMS flag from the front end of the DPM System or through back office file import. The SMS flag of the respective account holder(s) will automatically get enabled upon modifying the mobile numbers in the DPM System. Hence, DPs are requested to take

due care at the time of modifying the mobile numbers in the DPM system, particularly for Clients who have not opted for the SMS Alert facility.

Impact on Back Office :

With respect to back office file formats, the input file structure will remain the same and DPs will continue assigning the value for SMS indicator as 'Y' or 'N'.

(3) Exception Reports :

There are text reports being provided in Version 8.7, which will generate the following information.

(i) Details of Clients whose SI indicators are not enabled in the DPM System for Client Category : Individual, Type : Resident and Sub-type : Ordinary.

(ii) Details of Clients whose mobile numbers have been captured in the DPM System but SMS flag is not enabled.

The above exceptional reports are generated for Client accounts which are in statii "Active" / "Suspended for Debit and Credit" / "Suspended for Debit" / "Registered" / "On hold by NSDL".

(4) Minor Nominee attaining Majority Report :

A new report will be provided in the DPM system, which will facilitate DPs to view the report of all minor nominees who have become major (18 years). The report can be extracted from the DPM System by providing the date and Client ID range. This report will provide for the details of the Client, Client's nominee and the Guardian of the nominee, if applicable.

(5) Execution of multiple account level freeze requests in the DPM System :

DPM System would facilitate to process multiple account level freeze requests viz., "Suspended for Debit and Credit" and "Suspended for Debit". The request can be initiated by the below three sources:

(a) Requests initiated by the DP through DPM system.

(b) Request initiated by the Client on SPEED-e (However, Clients cannot initiate multiple account level freeze on SPEED-e).

(c) Request initiated by NSDL from the DM system.

Salient features of multiple account level freezes are as follows:

(i) The highest level of freeze will be effective at a given point of time. Example; if two freeze requests viz. "Suspended for Debit and Credit" and "Suspended for Debit" are initiated by any of the above sources, then in such cases, "Suspended for Debit and Credit" would be in effect first and the subsequent freeze ("Suspended for Debit") which is pending for execution would be effective after the former freeze ("Suspended for Debit and Credit") is unfrozen.

(ii) In case of freeze requests of same level, the freeze requests that is received first at DM System (NSDL) would be processed

irrespective of the source and another freeze of same level received subsequently at DM System will remain pending for execution. There will be no priority set if the freeze requests are of same level i.e. "Suspended for Debit" or "Suspended for Debit and Credit" received from the three above sources.

(iii) Upon executing an unfreeze request with respect to active freeze instruction, which is in effect (the unfreeze instruction will be closed/settled on the execution date), the subsequent freeze request of same level, irrespective of the source, will become effective.

(iv) DPs will be able to view all the freezes executed (including pending for execution) in the DPM system. The status in the DPM System for effective freeze instruction including pending for execution would be displayed as 'Frozen'. Further, the Client Master Report would display the various multiple account level freezes executed in the Client account viz., freeze order number, freeze level and freeze description.

(v) DPs are requested to note that Clients cannot initiate multiple account level freezes of same level from SPEED-e. However, if the Client account is already frozen in the DPM system, then Client can initiate freeze instruction through SPEED-e of same level or vice versa and subsequent freeze instruction will be remain pending for execution.

Impact on Back office

The status of all the freeze requests would be reflected as "Frozen" in "Changed Orders for the Day" export. DPs are advised to update their back office programs to accept multiple account level requests. In case of multiple freeze requests, subsequent freeze needs to be applied to the account in the back office, in case the first freeze request is removed. Back office software needs to be enhanced to handle such cases.

(6) Removal of Maturity Check for Commodity ISIN :

DPs are requested to note that maturity check on ICIN (Commodity Identifier) will be removed. DPM System will allow the following transactions for ICINs where maturity date has expired:

(i) Capture and verify/release Remat instruction.

(ii) Capture and verify/release Account Transfer Instruction (DFP and RFP) between a CM (Source) and a Client (Target).

(7) Inclusion of Dormant Account Audit in Client Audit report

As all DPs are aware any Client account having no 'Debit' transaction in the last six months are considered as 'Dormant' account (Refer Circular No. NSDL/POLICY/2008/0021 dated April 4, 2008). In case the Client account becomes a dormant account or non-dormant, the same will be reflected in the Client Audit Report. Upon the Client account becoming

	'Dormant' to 'Non-Dormant' or 'Non-Dormant' to 'Dormant', the Client Audit Report will reflect the status as "Dormant Flag".

Circular No. NSDL/POLICY/ 2008/0007 Date: February 5, 2008	*Sub: Release of DPM System Version 8.0 and its features*
	
	All Depository Participants (DPs) are hereby informed that Version 8.0 of the DPM System is scheduled for release in the second week of February 2008. The changes in the back-office module for Version 8.0 and the File Formats in respect of the back-office batch interface with the DPM System are enclosed. In this regard, DPs are advised to incorporate the changes in their back-office for compatibility with Version 8.0. Compact Discs (CDs) containing Version 8.0 of the DPM System and instructions regarding upgradation will be sent to DPs by courier separately.
	
	Features of Version 8.0
	
	The features of this version release are as follows:
	
	I. PAN structure validation in the Client Maintenance Module.
	
	II. PAN Verification Utility.
	
	III. Enhancement in Maker and Checker facility in DPM modules.
	
	IV. Power of Attorney (POA) Module related developments.
	
	      a. Audit report for Individual POA Holder, Authorised Signatory and Corporate POA.
	
	      b. Export of mapping of client account to POA.
	
	      c. View Signature screen to include "Minimum no. of Authorised Signatories required for signing".
	
	      d. View Account holderwise POA mapping details in POA Signature Details screen.
	
	Detailed Description of Features:
	
	I. **PAN structure validation in the Client Maintenance Module**
	
	      Introduction:
	
	      As DPs are aware, PAN is mandatory in Client Maintenance Module in the DPM system at the time of Client creation and Client details modification. PAN is validated for alpha numeric composition and length (exact 10 characters) of PAN. After the version release 8.0, PAN of account holders would also be subjected to structure validation. In case structure validation fails, a warning message would be displayed to the DP user enabling the user to initiate corrective action. However, DP can override the warning and continue its operation. The warning would not restrict DP from capturing the PAN which fails structural validation. DPs may note that this feature is designed only to enable DPs to identify errors while capturing PAN. DPs will need to devise appropriate procedures around this feature to confirm with requirement of PAN compliance.
	
	In the Version 8.0, a utility will also be provided to extract report containing list of all existing PANs, which fail structural validation test, for active and frozen Client accounts in DPM system.

Detailed Description:

General

1. The structure of PAN would be validated as follows:

   o   1-5 characters should be Capital letters

   o   6-9 characters should be Numbers

   o   10th character should be a Capital letter

2.   This validation would be implemented in online Client creation and Client details modification screens of DPM System. In the DPM Back Office interfaces, this validation would be implemented in Client Master Creation, Client details modification import and PAN /PAN flag modification import utility (i.e. PAN import Utility).

3.   This validation would be applicable to all Client types except intermediary.

Guidelines:

Front End Screens of DPM System

1.   While creating a new Client account in Client maintenance, a warning message would be displayed if PAN captured for any account holder is having invalid PAN structure.

   Further, while modifying PAN in the existing Client account or modifying any other details in the existing Client account which is having invalid PAN structure, a warning message would be displayed.

2.   These warning messages would be displayed at both stages i.e., capture as well as Verify & Release in Client creation and Client modification process.

3.   This warning message would only indicate the account holder(s) for which PAN structure is invalid. (e.g. PAN Structure of First Holder is invalid).

4.   DP may either modify PAN or override the warning and continue capturing / modifying the Client details.

Back office Interfaces

1.   PAN structure validation would be implemented in following Back Office interfaces

   a.   Client Master Creation import

   b.   Client details modification import

   c.   PAN and PAN Flag modification import utility

2.   The aforesaid import utilities are provided for bulk capturing of Client accounts, modifying the Client details and updating PAN and PAN flag in existing Client accounts respectively. DP can then release these newly created Client accounts and PAN modification requests either through front end application or using respective bulk Verify & Release utilities provided in DPM System.

3.   If input file of aforesaid utilities contains Client account holders with invalid PAN structure, a warning message would be generated in error

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file (i.e. PRN file) for every invalid PAN structure in Client account. However, no record would be rejected for this reason.

4. DP would be required to update the invalid PANs or cancel these records through front end application of DPM system before releasing the respective information to NSDL.

5. It may be noted that warning would be displayed while verifying and releasing instructions from front end only. **There would be no such warnings for bulk Verify & Release of Client creation/modification or PAN modification requests.**

6. There is no change in file formats of all the aforesaid utilities viz. **Client creation/modification or PAN modification.** The new warning code added is given in Annexure I.

   Though PAN structure validations are incorporated in DPM back office interface also, DPs are advised to create similar PAN structure validation in their back office so as to eliminate the errors, if any, in its own back office system.

Report Generation Utility

The report generation utility would provide the list of all account holders in the Client account having invalid PAN structure as of date and time of execution.

1. The utility would extract the details in TEXT format with fields separated using <TAB> character. The file format of this report is given in Annexure I.

2. It may be noted that only PANs with invalid structures would be reflected in this report i.e. if there is a Client account with joint holders where PAN of first holder has valid structure but PAN of second holder has invalid structure, then this report would list only second holder PAN in Client account.

II. **PAN Verification Utility**

   Feature Description:

   NSDL, vide its circular no. NSDL/POLICY/2006/0007 dated March 3, 2006 advised DPs to obtain PAN card of the demat account holder(s) and compare the name appearing in the Client account with the name appearing on the website of the Income Tax Department (ITD) i.e. http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp before activating the Client account or modifying PAN of existing account holders.

   Further, NSDL vide its circular NSDL/POLICY/2007/0048 dated August 14, 2007 had informed DPs that ITD has authorized NSDL to provide an internet based service to eligible entities for verification of PAN details. The PAN details made available through this facility are as per the ITD database. Further, the internet based service of NSDL for verifying PAN details is explained in aforesaid circular dated August 14, 2007. This facility provides for a batch file upload in a prescribed format for bulk validation of PAN and provides a response file for the same indicating if the PAN is valid or not.

In the Version 8.0, a utility will be provided for PAN verification which DPs can use to generate file containing PAN details in the format that is compliant to aforesaid batch file upload facility. This utility can be used for the newly captured Client accounts as well as for Client accounts in which PAN modification requests are captured in DPM System. DP may release the newly created Client accounts or PAN modification requests to NSDL, based on the PAN flag value in response file, Further, it may be mentioned that, PAN details will be extracted only when the PAN is modified in the DPM System.

Detailed Description:

1.   This utility would generate four different files as follows:

Sr. No	File Name	File Contents
1.	PANR[n].txt (for information on 'n' please refer point 6 in notes below)	This file would contain PAN details in the format compliant to aforesaid facility. It would contain PAN of a. Account holders in Client accounts which are in "Registered" status. b. Account holder for which PAN modification request is in "Captured" status.
2.	PANDTLR [n].txt (for information on 'n' please refer point 6 in notes below)	This file would contain other details of Client for which PAN is extracted in PANR[n].txt file, such as Client ID, holder indicator, holder name PAN, creation/ modification flag and current status of Client account. This file should be used to map the response received from aforesaid verification facility as per circular NSDL/POLICY/2007/0048 dated August 14, 2007 with account details in the file, in order to identify the Client account and its holders for which PAN is invalid.
3.	PANM[n].txt (for information on 'n' please refer point 6 in notes below)	This file would contain PAN details in the format compliant to aforesaid facility. It would contain PAN of **a. Client Accounts in "Active / Suspended for Debit / Suspended for Debit & Credit / On hold By NSDL" status.** **b. Account holder for which PAN modification request is in "Closed/Settled" status.**
4.	PANDTLM [n].txt (for information on 'n' please refer point 6 in notes below)	This file would contain other details of Client for which PAN is extracted in PANM[n].txt file, such as Client ID, holder indicator, holder name PAN, creation/ modification flag and current status of Client account. This file should be used to map the response received from aforesaid verification facility as per circular NSDL/POLICY/2007/0048 dated August 14, 2007 with account details in the file, in order to identify the Client account and its holders for which PAN is invalid.

	2.	PAN verification utility would extract details of only those account holders which were registered or modified after last export date and time. i.e.
		a. PANR[n].txt and PANDTLR[n].txt files would show PAN details of only those Client accounts that are registered or for which PAN modification request is captured in DPM System after last export date and time.
		b. PANM[n].txt and PANDTLM[n].txt files would show PAN details of only those Client accounts that are activated or frozen or for which PAN modification request is successfully processed in DPM System (i.e. closed/settled) after last export date and time.
		c. These aforesaid two files would show the PAN only if PAN is modified.
	3.	DP can upload PANR[n].txt and PANM[n].txt files individually to NSDL's Tax Information Network (TIN) site for bulk verification of PAN as per the procedure mentioned in the circular NSDL/POLICY/2007/0048 dated August 14, 2007 provided the DPs have subscribed for this facility as per the aforesaid circular. DP would be provided a response file from NSDL TIN site for each uploaded file.
	4.	DP can then merge the response files of PANR[n].txt and PANM[n].txt files received from NSDL TIN site and the respective Client detail files (i.e. PANDTLR[n].txt and PANDTLM[n].txt) and compare them to identify Clients accounts with valid and invalid PAN.
	5.	If PAN is available in ITD database, DP can activate the Client account or release the PAN modification request to NSDL provided the name appearing in the Client account matches with the name appearing on the ITD website
	6.	The aforesaid batch file upload on ITD website for PAN verification facility accepts maximum 200 PAN detail records in single batch file. Thus, if the number of PAN records to be extracted post last export date and time are more than 200 then the multiple files would be generated containing 200 records in each file. A running sequence number would be given starting from "1" for every batch file generated by this utility at that point in time.
	7.	If there are no PAN details captured or modified after last export date and time, then the files to be uploaded on NSDL site i.e. PANR[n].txt and PANM[n].txt would be generated containing only trailer record with "Number of Detail Records" as "0"and the other Client detail files i.e. PANDTLR[nn].txt and PANDTLM[nn].txt would be generated containing only header information.
	8.	It may be noted that at first execution of this utility, the PAN details would be extracted from the date and time at which this utility was installed on DPM server.
	9.	The file format of these files is given in Annexure II.
	III.	**Enhancement in Maker Checker Facility in various DPM modules**
		Introduction:
		NSDL has issued guidelines to DPs for segregation of duty viz. Maker-Checker while executing instructions i.e. the person who captures the

instruction (Maker) and the one who releases instruction to NSDL (Checker) should be two different persons. This is required with the intention that person releasing the instruction to NSDL can re-verify the data entered by Maker against the instruction slip and rectifies the mistakes, if any. In case of mismatch, Checker can correct the details, save the instruction and then release to NSDL. Maker Checker concept is applicable for Client Maintenance Module also.

In the current DPM system, DP is required to implement the controls of Maker and Checker administratively by ensuring both rights are not allocated to the same user.

In the Version 8.0, Maker Checker policy would be enforced in DPM System by the system itself. After Version 8.0, the application would restrict the administrator to allocate both Maker and Checker rights to the same function in same group i.e. a group cannot be created having both "Capture and Save" and "Verify & Release" rights allocated to same function in same group.

A report generation utility will also be provided to extract list of all User IDs having both Maker and Checker rights.

Salient Features of Maker-Checker:

1. The restriction of allocating Maker and Checker rights to same user would be built at group level i.e. a group can be defined to have a Maker rights for one-function and Checker rights for another. However, both Maker and Checker right for same function would not be allowed in same group. The same has been illustrated by an example.

   e.g. Group "A" can be created with "Capture and Save" rights for "Account Transfer" instruction and "Verify & Release" rights for "Inter Depository Transfer" instruction. But, a group can not be created having both the rights (i.e. "Capture and Save" and "Verify & Release") allocated to "Account Transfer" or "Inter Depository Transfer" instruction in same group.

2. Checker user would be given both modify as well as Verify & Release rights i.e. user would be allowed to Verify & Release and modify the instruction details though Checker user is not allowed to create new instruction.

3. However, Back Office interface will continue to function as in the existing system.

4. While creating new User ID, the main group ID and the alternate group ID should be selected such that Maker Checker policy is not violated. If it is done, then an error message would be given. Application would not allow creating such User IDs. The same has been illustrated by example.

   e.g. Group "A" is created with "Capture and Save" right for "Account Transfer instruction" and Group "B" is created with "Verify & Release" rights for same instruction. If DP allocates these groups as main and alternate groups while creating new User ID or modifying group details of existing User ID, then the application would reject the request giving an error message.

5. Similarly, if both main and alternate groups are allocated to the User ID and subsequently administrator allocates rights in any of this groups such that it violates the Maker-Checker policy, then the functional rights

given in alternate group would be overridden by the rights given in main group. Same is illustrated by example below.

Case 1: If User ID "Test1" is created with main group id as "Group A" and alternate group id as "Group B" such that both groups are created for Maker activity and subsequently if administrator changes the functional rights of Group B to checker activities, then User ID "Test1" would to allowed to carry out only Maker activities.

Case 2: If User ID "Test2" is created with main group id as "Group A" and alternate group id as "Group B" such that both groups created for Checker activity and subsequently if administrator changes the functional rights of Group A to Maker activities, then User ID "Test2" would be allowed to carry out only Maker activities after the allocation of these new functional rights.

Feature Description:

Detailed Description:

Functional rights defined in DPM System for each function are as follows:

Query : DPM user can query on the specified function

Capture and Save : DPM user can capture and save details of specified function

Status Change : DPM user can change status of the specified function

Verify & Release : DPM user can Verify & Release the specified function

Cancellation : DPM user can cancel the specified function

Execute : DPM user can execute the specified function

In the new system, the above rights would be segregated as follows:

Sr. No	Function Right	Maker	Checker
1	Query	√	√
2	Capture and Save	√	
3	Status Change	√	
4	Verify & Release		√
5	Cancellation	√	√
6	Execute	√	√

Following restrictions would be applicable while creating new user group:

1. Query rights will be available to both Maker and Checker users.

2. "Capture and Save" Rights (Creation Rights) would be available only to Maker user i.e. if DP chooses "Capture and Save" rights for any of the function, "Verify & Release" right for same function will not be allowed.

3. "Status Change" rights would be given only to maker user and "Verify & Release" of this function would be given to Checker user i.e. if DP chooses "Status Change" rights for any of the function, "Verify & Release" right for the same function would not be allowed.

4. "Verify & Release" rights would be given only to Checker user i.e. if DP chooses this right for any of the function, "Capture and Save" and "Status Change" rights for same function would not be allowed. "Update" rights would be included in this right by default.

5. "Cancellation" rights would be available to both Maker and Checker users i.e. DP would be allowed to allocate this right along with both "Capture and Save"/ "Status Change" and "Verify & Release" rights.

6. Similarly, "Execute" rights would be available to both Maker and Checker users i.e. DP would be allowed to allocate this right along with both "Capture and Save"/ "Status Change" and "Verify & Release" rights.

Report Generation Utility

The Report Generation Utility would provide the list of all User IDs having both Maker and Checker rights.

The utility would extract the details in TEXT format with fields separated using <TAB> character. The file format of this report is given in Annexure III.

Impact on Existing Groups and Users:

1. The function rights of existing groups would remain unchanged. However, where both Maker-Checker rights have been given, on removing any one right from a function, Administrator would not be allowed to give the removed rights again. An alert message would be displayed to the Administrator while removing such functional right.

2. For existing user where both Maker as well as Checker rights have been allocated, a warning message would be given for every login to DPM System. Administrator would be required to re-allocate proper groups to this User ID. Report containing the list of such User IDs would be provided to the administrator

    It may be noted that from May 01, 2008 onwards, all the User IDs which are not compliant to User ID policy & having both Maker & Checker rights would be revoked and disallowed to login to DPMAS & GISMO application.

IV. **Power of Attorney module related developments**

   a. **Audit report for Individual POA Holder, Authorised Signatory and Corporate POA**

      These reports would provide the audit trail of all the modifications done for Individual POA Holder, Authorised Signatory and Corporate POA. This report would provide the name of field which is modified, its old and newly modified value, User ID that has carried out the changes and date and time at which the modification was carried out. Both reports can be generated based on POA ID range such that all the modifications done till date for the specified POA IDs would be reflected in the report.

      1. The audit report of Individual POA Holder and Authorised Signatory would provide the details of modification done in short name, signature type, certificate details and status.

      2. The audit report of Corporate POA would provide the details of modification done in short name, no of Authorised Signatories required for signing and addition deletion of Authorised Signatories.

         It may be noted that both of these reports would be accessible to existing as well as new users by default.

b. **Export of mapping of client account to POA**

Detailed Description:

Participants were informed vide Circular No. NSDL/POLICY/2007/0054 dated September 22, 2007 about export utility for mapping information of account holder to Individual POA Holder / Corporate POA / POA group. This export utility is provided in this version release.

c. **View Signature screen to include "Minimum no. of Authorised Signatories required for signing"**

In Version no 7.0, a new screen was added for viewing the signature details of Client and POA associated to each account holder. This screen has been enhanced in Version 8.0 to show the "Minimum no of Authorised Signatories required for Signing" in case of Corporate POA attached to the account holder.

d. **View holderwise POA mapping details in POA Signature Details screen**

The current signature screen shows the POA details for single holder at a time. However, in case search is made for a Client ID having POA attached to account holders other than first holder, the screen shows pop up message as "Mapping does not exists" as the first holder is selected by default in this screen. Since this message can mislead the user, this screen has been modified to show POA mapping flags in separate table so that DP can check POA details of other holders in case such pop-up is received.

In case of any clarifications, DPs may Contact Mr. Yogesh Parve / Mr. Harsh Kotak, Tel: 022-24994490/4487, Email: yogeshp@nsdl.co.in / harshk@nsdl.co.in for operational issues and Helpdesk for back office file formats or systems related issues.

Annexure I

1. Warning code added in Client Master Creation and PAN import utilities

Sr. No	Error Code	Description
1	WAR00001	PAN Structure is Invalid

2. File Format of Report Generation Utility

    a. File Name: The nomenclature of file generated by this utility is as follows:

       InvalidPAN_MonDDYYYYHH.MM[AM/PM].txt

       Where

       MonDDYYYYHH.MMAM is date and time at which this report was generated.

       This file would be generated in the same directory from where the report generation utility is executed.

    b. Report File Format:

       Report file would be generated in TEXT format containing header information and the detail records.

       File header would give total no of records extracted in the report file and the file generated date and time. Sample Record:

File Generation Date and Time	: File generation date and time [dd/Mon/ YYYY hh:mm:ss]
Total no of records	: [total no of detail records extracted in file]

Detail records would include following fields separated using <TAB> character.

Sr. No	Field Name	Data Type	Max Size	Description
1.	DP_ID	Character	8	DP Id of DP executing the utility
2.	ClientId	Integer	8	Client id having invalid PAN
3.	1st_Hldr_PAN	Character	30	First Holder's PAN
4.	2nd_Hldr_PAN	Character	30	Second Holder's PAN
5.	3rd_Hldr_PAN	Character	30	Third Holder's PAN
6.	Status	Character	30	Current status of client account

Sample Record:

```
DP_ID        ClientId   1st_Hldr_PAN   2nd_Hldr_PAN      3rd_Hldr_PAN      Status
-----------  ---------- --------------- -----------------  -----------------  --------
IN399992     10000004                  12CDEFGHIJ        ABCDEFGHIJ        Active
```

Annexure II

File Format of PAN Verification Utility:

1.   File Name: The nomenclature of file generated by this utility is as follows:

PAN[flag1][flag2][n].txt

Where

flag1 is "DTL" in case of file generated for giving client details and blank if file is generated for NSDL site.

flag2 is "R" in case of file generated for "Registered" client accounts and "M" in case of file generated for client accounts in other statii.

n : running serial no in case multiple files are generated

Following folders would be created in the same directory from where the PAN verification utility is executed.

a.   "Results_Register_*YYYYDDMMHHMMSS*": This folder would contain the files generated for "Registered" client accounts and client modification requests Captured in DPMAS i.e. File names given in point no 1 and 2 in table 1.0.

b.   "Results_*YYYYDDMMHHMMSS*": This folder would contain the files generated for client accounts in other statii i.e. File names given in point no 3 and 4 in table 1.0.

2. File Format of Enquiry file at NSDL Website (i.e. PANR1.txt / PANM1.txt):

a. Input File Format for

FILE DETAILS

Sr. no.	Fields	Data Type	Size	Mandatory (M/O)	Remark
1	Line Sequence Number	Number	6	M	Running serial number for each line in the file
2	File Section Type	Char	2	M	"FD" by default
3	PAN	Char	10	M	

FILE TRAILER

Sr. no.	Fields	Data Type	Size	Mandatory (M/O)	Remark
1	Line Sequence Number	Number	6	M	Running serial number for each line in the file
2	File Section Type	Char	2	M	"FT" by default
3	File Type	Char	5	M	"EXTIN" by default
4	Number of Detail Records	Number	6	M	

b. Response File Format of Enquiry file at NSDL Website

Participants are requested to refer Circular No. NSDL/POLICY/ 2007/0048 dated August 14, 2007.

3. File Format of Client Details file (i.e. PANDTLR1.txt / PANDTLM1.txt):

Report file would be generated in TEXT format containing header information and the detail records.

File header would give total no of records extracted in the report file, last export date & time and file generated date & time. Sample Record:

File Generation Date and Time : File generation date and time [dd/Mon/YYYY hh:mm:ss]

Total no of Records   : [total no of detail records extracted in file]

PAN Details extracted from : Last Export Date and Time [dd/Mon/YYYY hh:mm:ss]

Detail records would include following fields separated using <TAB> character.

Sr. No	Field Name	Data Type	Max Size	Description
1.	ClientId	Integer	8	Client id
2.	Holder_Type	Character	15	Holder Indicator for which PAN is extracted. Valid Values are "First Holder", "Second Holder", "Third Holder"
3.	Holder Name	Character	135	Name of corresponding holder
4.	PAN	Character	30	PAN of corresponding holder

	5.	Creation(N)/ Modification(M) flag	Character	30	"N" : If PAN is registered for first time "M" : If PAN is modified (It may be noted that this flag can be reflected as "M" even in file of "Registered" client accounts if it is modified in Registered client status.)
	6.	Status	Character	30	Current status of client account

Sample Record:

```
ClientId   Holder_Type  Holder_Name  IT_PAN       Creation(N)/      Status
                                                   Modification(M)
----------  --------------  -----------------  ------------  ------------------  --------
10000004 First Holder  Harshada      ABCDE1219J N                 Active
                       Chavan
```

Annexure III

File Format of Report File generated for User ids violating Maker-Checker Policy.

Report file would be generated in TEXT format containing the detail records.

Detail records would include following fields separated using <TAB> character.

Sr. No	Field Name	Data Type	Max Size	Description
1.	User id	Character	8	
2.	User Name	Character	50	Name of User
3.	User Designation	Character	15	
4.	User Department	Character	10	
5.	Access Rights	Character	1	Default Values L- Local & G- Global
6.	Group Name	Character	50	
7.	Alternate Group Name	Character	50	
8.	Alternate Group Effective From Date	Date and time	23	Format YYYY-MM-DD hh:mm:ss.000
9.	Alternate Group Effective To Date	Date and time	23	Format YYYY-MM-DD hh:mm:ss.000
10.	Authorization level	Integer	2	
11.	User Status	Character	12	
12.	Last Login Date and Time	Datetime	23	Format YYYY-MM-DD hh:mm:ss.000
13.	User Creation Date and Time	Datetime	23	Format YYYY-MM-DD hh:mm:ss.000

Circular No. NSDL/POLICY/ 2007/0061
 Date: October 5, 2007
	Sub: Release of Version 7.0 and its features
	
	 All Depository Participants (DPs) are hereby informed that Version 7.0 of the DPM Application Software (DPMAS) will be released on October 5, 2007. The Power of Attorney (POA) module informed to DPs vide Circular No. NSDL/ POLICY/2007/0054 dated September 22, 2007 will be released in version 7.0 of DPMAS. The software would be released in phases to all DPs. Software release schedule would be communicated to the DPs by PMC.
	
	 Additional features of Version 7.0
	
	 The features of this version release are as follows:
	
	 A. POA Registration
	
	 B. System Security Enhancements
	
	 C. Transaction Statement (SOT) for closed accounts
	
	 The details about these versions are given below:
	
	 A. POA Registration:
	
	 POA features, informed to the DPs vide our aforesaid circular, would also include the following
	
	 1. POA Holder(s)/Authorized Signatory (ies) Master list report and Corporate POA reports are provided under Master List reports. These reports provide the list of POA holder/authorized signatory as well as the list of corporate POAs registered in the system.
	
	 2. Additions / Modification through Interactive screens on DPMAS
	
	      a. Interactive Screens have been provided in Client Maintenance Module to capture and modify;
	
	          i. POA Holder / Authorized Signatory
	
	          ii. Corporate POA
	
	          iii. Mapping POA to beneficiary account at a holder level
	
	      b. The screens for client creation in client maintenance module have been modified to enable attaching the POA details to the client account.
	
	      c. Additional functional rights have been added in system security module. DPs are advised to give the functional rights to the users for conducting different operations of the POA module.
	
	      d. Additional menu button to view signatures of POA has been added, in the common menu buttons, to view signature of the authorized signatory/POA Holder, on various screens of DPMAS where a DP executes a transaction. This screen will also show account holders signatures.
	
	 3. Exception reports are also provided as follows :
	
	      a. **Authorized signatories not associated with any POA ID:**
	          This report enables DP to monitor whether there is any

authorised signatory, which has been created in DPMAS but not associated with any POA ID.

b. **POA ID not associated with any clients:**

This report enables DP to monitor whether there is any POA ID, which has been created in DPMAS but not associated with any client account.

c. **POA IDs without authorised signatories:**

This report enables DP to monitor any corporate POA IDs, which does not have any active authorized signatory associated with the POA ID i.e., when all the authorised signatories, which are associated with the POA ID, are either in closed status or detached from POA ID.

d. **Expiry details of digital signature certificate:**

This report provides the expiry details of the digital signature certificates used by the POA ID.

e. **Client account holders to which blank POAs are attached:**

This report provides the details of the account holders, which are mapped, to POAs whose POA IDs does not have any active associated authorized signatory or POA ID is deactivated or POA Holder is deactivated.

Operating Instructions

a. As provided with all other instruction submission features, facility of maker & checker is provided for POA registration also. Though a user can be assigned functional rights for both maker (capture) as well as checker (Verify Release), as a matter of good practice DPs are advised to allocate maker and checker rights to different users.

b. DP has to ensure that the minimum number of authorized signatories required for authorizing an instruction should be less than or equal to the number of authorized signatories registered for that POA.

c. DP should monitor the status of POA or the authorized signatory to ensure that POA IDs are active in the system while executing transaction in DPMAS from the facility to view the POA signatures provided on various screens of DPMAS.

d. DPs are advised to maintain POAs by detaching all deactivated POA IDs and POA Holders from client accounts as well as detaching closed authorised signatory from POA IDs.

For any clarification with respect to POA Registration, DPs are requested to get in touch with Mr. Harsh Kotak / Mr. Yogesh Parve on 022-24994487/24994490 or email id-harshk@nsdl.co.in / yogeshp@nsdl.co.in

B. **System Security Enhancements:**

The current DPMAS provides facility for User ID creation and maintainence, change of password (voluntary) and access control to different functions defined in DPMAS. The system is now being enhanced

to enable DPs to define policies for userid and password. Facility is also included to define multiple administrators.

This version features system enforced policies for User ID and password complexity, expiry, history etc. to help DP to implement good practices concerning user authentication. In order to achieve this, DPs are advised to design and implement adequate procedures in line with the enhanced system security module of DPMAS.

The system is also enhanced to maintain the session information for every user logged on to DPMAS. It would allow DP to configure multiple administrator ids in DPMAS. The Module would also provide new reports giving master information of User IDs, User Groups, changes to the same and user session information.

The enhanced secuirty policy for User ID and password would be installed with default parameters which can be modified by DPs to best suit their organisational security requirements.

The following logical access controls would be enforced on all User IDs created by administrators in DPMAS.

1. **User ID Policy:**

   <u>**Rules for creating User ID**</u> :.

   a. The length of User ID should be within the range of minimum and maximum values defined in security configuration details.

   b. User ID can comprise only alphabets (A-Z) (case insensitive), only numerals(0-9) or combination of both. Special characters, ie any characters other than those mentioned above, would not be allowed.

   c. The existing User IDs which are not compliant to aforesaid criteria would remain active in the system even after the new software version is applied on DPMAS. However, an alert message *"Your user id is not adhering to the standards. Please contact your administrator to revoke this id and assign new one"* would be displayed to these users after every login in DPMAS. System administrator of DPs are advised to revoke such ids and allot new ids to these users at the earliest. An exception report in text file format would be provided as a part of this version release to identify such invalid ids. Upon executing *ExceptionReport.bat* file in "C:\Exeception_Report_Invalid_Userid" directory on C drive, the report would be generated in the same folder. Compliance officer will monitor this exception report

   d. Inactive users which are not logged on to either DPMAS or GISMO applications since specific number of days (as per the configuration parameter given below) would be automatically blocked in DPMAS at next Beginning Of Day (BOD). Only administrator can then activate such User-Ids.

   <u>**Configurable Parameters**</u> :

   The table given below lists various configuration parameters applicable to User IDs. These parameters can be set by DP to suit its organizational needs. However, the parameter would be bound by the minimum fixed threshold values supplied along with installation of the software. For example, fixed threshold value for 'Minimum length' of User ID would

be set to 3. Whereas DP would be able to define their own minumum length for User IDs, it cannot be less than 3 characters.

Sr No	Parameter Name	Description	Measured in terms of	Threshold Value	Rules for setting new value by DP
1	Minimum Length	Minimum Length of User ID	Number of Characters	3	New value should be greater than or equal to Threshold Value
2	Maximum Length	Maximum Length of User ID	Number of Characters	8	New value should be less than or equal to Threshold Value

2. **Password Policy**

   Rules for defining Passwords :

   a. The length of the password should be within the range of minimum and maximum values defined in the security configuration details.

   b. The password should mandatorily contain any of the following two character sets.

      i. Alphabets [A-Z] (case insensitive)

      ii. Numerals [0-9]

      iii. Special Characters

   c. The password should contain the minimum 'X' number of characters from a character set where 'X' is defined as minimum number of characters for the respective character set in Security Configuration Details. For example, if 2 alphabets have been configured as '*minimum characters*' for the character set '*Alphabets*' then the password should contain alteast 2 alphabets.

   d. DPMAS would allow only specific special characters in password. Special characters for this purpose would be configurable in Security Configuration Details against the parameter - '*Special Char Allowed*' .

   e. The password would expire after specific number of days of last password change date. Upon expiry, user would be forced to change the password. The number of days for password expiry would be configurable in Security Configuration Details against the parameter '*Lifetime of Password*' .

   f. Warning messages for password expiry will be displayed before specific number of days from the date of password expiry. These warnings would be displayed every time the user logs in using that User ID. The number of days can be configured against parameter '*Reminder Time Period*'.

   g. The User ID would be locked on specific number of consecutive

unsuccessful login attempts. The number of unsuccessful attempts allowed would be defined in Security Configuration Details against parameter '*No. of unsuccessful attempts*'. Only administrator would be allowed to unlock the User ID.

h.   The history of previous passwords of each User ID would be maintained in DPMAS. The number of passwords which would be recorded in DPMAS would be configurable in Security Configuration Details against parameter '*Password Change History*'. Neither the user, nor the administrator can use these passwords as the new password.

i.   The user would not be allowed to change the password twice in the same day. However administrators can reset the password to enable uninterrupted functioning of UserID.

j.   The system would force the user to change the password at first time log-in under following scenarios

   i.   When a new User ID is created, the default password would be set same as 'User ID'. User would be forced to change the password on first log in.

   ii   On activation of a suspended, blocked as well as locked User-id by administrator, system would force the user to change password on first login after reactivation. User may use the old password to identify himself/herself before changing the password.

   iii   Administrator overrides the password of the user-id.

DPs are advised to ensure that owner of the User ID changes the password immediately under all the aforesaid scenarios.

Default Values of Configurable Parameters and allowable values

The table given below lists various configuration parameters applicable to password. These parameters can be set by DPs to suit their organizational needs. However, the parameter would be bound by the fixed threshold values supplied along with installation of the software. For example, fixed threshold value for 'Minimum length' of password would be set to 8. Where as DP would be able to define minumum length for password, it cannot be less than 8.

Sr No	Parameter Name	Description	Measured in terms of	Threshold Value set by NSDL	Rules for setting new value by DP
1	Minimum Length	Minimum length of password	Number of characters	8	New value should be greater than or equal to Threshold Value
2	Maximum Length	Maximum length of password	Number of Characters	16	New value should be less than or equal to Threshold Value

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		3	No. of Alphabets	Minimum number of alphabets required in password	Number of alphabets	2	New value should be greater than or equal to Threshold value. Applicable if alphabets are chosen for the password.
		4	No of Numerals	Minimum number of numerals required in password	Number of Numerals	1	New value should be greater than or equal to Threshold value. Applicable if numerals are chosen for the password.
		5	No of Special Chars	Minimum number of special characters required in password	Number of Characters	1	New value should be greater than or equal to Threshold value. Applicable if special characters are chosen for the password.
		6	No of un-successful attempts	Number of unsuccess-ful login attempts with wrong password after which the User ID is blocked.	Number of attempts	5	New value should be less than or equal to Threshold value
		7	Life Time of Password	Number of days from last login, after which the password would be marked expired	Number of days	60 days	New value should be less than or equal to Threshold value

8	Reminder Time Period	Number of days before password expiry, from when the warning message is displayed	Number of days	10	New value should be greater than or equal to Threshold value
9	Block Period	If User ID is not used for number of days mentioned as block period, the User IDs would be blocked in DPMAS	Number of days	60 days	New value should be less than or equal to Threshold Value
10	Password Change History	Number of passwords remembered by system such that new password cannot be one of these passwords	Number of passwords	5	New value should be greater than or equal to Threshold value
11	Special Char Allowed	List of special characters which would be allowed in password	List of special characters	!@#$%^&* ()_-+ = | \ { } [ ] : ;<>,.?/"	New value should be any character within the character set defined in threshold value

3. Multiple Administrator ids.

After this version release DPMAS would permit DP to define multiple administrator User IDs.

a. The existing "Admin" User ID would remain as is and would act as Super administrator id. The functional rights of this User ID would be retained as it is. In addition, more administrator User IDs can be created by 'Admin' User ID.

b. The following table lists major differences in functional rights of 'Admin' user and new administrator User Ids

Functional Rights	Admin User	New Administrator
GISMO Functions		
Message Control Panel	Allowed	Allowed
Communication	Allowed	Allowed
Back-Office	Transaction Import and Bulk Verify/ Release not allowed. Rest of import and exports would be allowed.	All import and export functions would be Disallowed
Shut Down	Allowed	Allowed
System Security	Registration and Maintainence of both Administrator and Functional User IDs would be allowed	Registration and maintainence of only functional users ids would be allowed
Administrative Tools	Allowed	Allowed
Inquiries	Allowed	Allowed
Instruction Capturing and Verify/Release	Disallowed	Disallowed
Reports	Only System Security related reports would be available	Only System Security related reports would be available
Setting User-id/ Password policy	Yes	Yes

 c. The password polices would be applicable to both 'Admin' user as well as new administrator ids. However following rules for 'Admin' user would differ from other User IDs,

  i. Admin User ID would not be locked on unsuccessful login attempts due to incorrect passwords

  ii. There would not be any restriction on number of times the password can be changed for Admin User ID in a day.

  iii. Password change of Admin User ID would not be enforced after version release.

 d. User ID policies would be applicable to only new administrator. Super Administrator would be exempted from this policy.

4. **Session Information:**

After this version release, Session information such as login-id used, log-on timestamp, log-off timestamp and the terminal name would be recorded in DPMAS. DPMAS would record the logoff timestamp only if user logs off gracefully from the session. The system would also maintain the information regarding the unsuccessful login attempts such as log-

in id, log-in timestamp and terminal name. The information of both successful and unsuccesful log-in attempts would be provided to Administrators in the form of report.

5.   Reports:

The application would provide the following reports to the administrators. These reports would not be available to functional users.

1. User Profile Report: This report would provide the details of all User IDs registered in DPMAS along with their activation, suspension, deactivation dates and its current status. Report can be generated based on
    a.   User ID range
    b.   Status of User ID
    c.   Date range of user creation
    d.   Combination of any of above parameters.

2. Group Access Rights Report : This report would provide the details of groups registered in DPMAS along with the access rights and its current status. Report can be generated based on the group id range.

3. Audit Report : This report would provide three options to generate the report giving audit details of changes in user profile and user group
    a.   Audit Report of User Profile: This report would provide the details of changes in group, alternate group allocation-de-allocation and status of User ID. DP can generate the report based on
        i.   User ID range
        ii.   Date range of modification
        iii.   Combination of both.
    b.   Audit Report of User Group: This report would provide the details of changes in name and status of user group registered in DPMAS. DP can generate the report based on
        i.   Group Id range
        ii.   Date range of modification
        iii.   Combination of both.
    c.   Audit Report of Functional Rights: This report would provide the details of changes in Functional rights of user group registered in DPMAS. DP can generate the report based on
        i.   Group Id range
        ii.   Date range of modification
        iii.   Combination of both.

4. Session information report: This report would provide the login details of various User IDs. DP can generate this report based on
    a.   User ID range
    b.   Application Name (NSDL-DPM and GISMO)
    c.   Login date range
    d.   Combination of all above.

It would also provide an option to generate report for failed log-in attempts only.

	Important Note:
	Depository Participants are requested to note the following points:
	1. **After version release, all User IDs would be forced to change the password. It is therefore suggested that the user involved in instruction capturing and verify/releasing logs-in immediately after this release is applied on server.**
	2. The last log-on timestamp of all the existing User IDs would be set to current date and time during this version release. This logon timestamp would be reflected in "User Profile Report" as "User Last Login Date".
	For any clarification with respect to system security module, DPs are requested to get in touch with helpdesk.
	C. **Transaction Statement (SOT) for closed accounts**
	NSDL has vide circular NSDL/POLICY/2006/0014 dated May 11, 2006 has advised DPs to provide the Statement of Transaction (SOT) to client, which has requested for closure of the account, for the period from the beginning of the quarter in which the account is closed till the date of closure. In this regard, in the version 7.0 of DPMAS, a new check box has been provided with respect to SOT in the input screen of the report to extract SOT of only closed client accounts. DPs are advised to provide the date range to extract the SOTs for the closed accounts.
	For any clarification with respect to SOT for closed accounts, DPs are requested to get in touch with Mr. Harsh Kotak on 022-24994487 or email id - harshk@nsdl.co.in.
PAN Import Utility to upload PAN details	
Circular No. NSDL/POLICY/ 2006/0029 Date: July 21, 2006	*Sub : PAN Import Utility on DPM System to upload PAN details of the Beneficial Owner(s)*
	Attention of Participants is invited to our circular no. NSDL/POLICY/2006/ 0007 dated March 3, 2006 wherein Participants were informed about the SEBI directive on Permanent Account Number (PAN) and subsequent circular no. NSDL/POLICY/2006/0018 dated June 9, 2006 regarding utility to extract details from DPM Application Software (DPMAS) server in respect of PAN details of Beneficial Owners.
	NSDL will be providing a **PAN import utility** that would enable the Participants to update PAN and PAN Flag pertaining to Clients [Beneficial Owner(s)] in the DPMAS, in bulk. Present bulk verify release facility for Client modification would be used to Verify Release such records.
	The file format for PAN import utility is enclosed (Annexure I). Upon importing the file using the utility, one/two/three output file(s) may be generated. The details of the utility are described hereunder.
	(I) **Features of the PAN import Utility**
	PAN import utility would enable the Participants to update 'PAN and/or PAN flag' for the account holder(s) of a beneficiary account.
	Salient features of the utility :
	1) Holder indicator is mandatory. Permitted values are indicated in the file format.
	2) PAN and/or PAN flag can be updated for one or more holders of an account in a single record. Fields of PAN / PAN flag for a holder should be kept blank if data for that holder is not required to be updated. For such fields, existing values in DPMAS would be retained as is.

3) Account holders whose PAN is to be updated must have PAN flag as 'Y', which implies that only valid PAN, after due verification, are being imported through the utility.

4) The input file should **not** contain records in respect of those Clients whose Client modification is/are pending in DPMAS.

5) In case of modification through the utility whose PAN flag is already 'Y' in DPMAS, entire record will be rejected. Such modifications can be carried out manually directly through DPMAS.

6) Each file can have a maximum of **5000** records and Participants should not upload more than **three** files in a day. However, in order to expedite the process, Participants would be allowed to upload more than **three** files on Saturdays and bank holidays. For this purpose, Participants are advised to get in touch with NSDL helpdesk. Participants should ensure that time critical instructions are executed well before starting the upload of PAN details.

7) The functional user availing the rights for Client Modification import, shall by default get the rights to import PAN details through PAN import utility.

8) Participants who do not have back-office may prepare required data in excel format as per the prescribed template (format enclosed as Annexure II). NSDL will provide a utility to convert this excel worksheet into an importable file which can then be imported using PAN import utility. Detailed procedure to use this utility would be provided along with the release.

(II) Features of OUTPUT files

Upon successfully importing of a file through PAN import utility, the following output files may be generated:

(1) **Report File :** On successful upload of PAN details, report file giving the Client details of those clients whose PAN details have been successfully captured shall be generated (format provided in Annexure III).

(2) **Error File :** Records rejected for the reason of not fulfilling the pre-requisites listed above shall be reported in this file (format provided in Annexure IV).

(3) **Response File :** This file will contain the Client information required for bulk, verify and release. Response file should be used as input to the bulk verify release executable for client modification of DPMAS (format provided in Annexure V)

Participants who are availing the facility of bulk verify & release for Client Modifications by default shall get the rights to carry out bulk verify and release for modifications imported through PAN import utility. However, Participants who do not currently have the facility of bulk verify and release but wish to avail the facility, may request NSDL to enable this facility for this limited function through their Compliance Officer with a declaration that adequate maker/checker control has been exercised for updation of PAN & PAN flag.

(III) Process

Participants are expected to follow the process as given below

	1. Import PAN and PAN flag in the required format, through PAN import utility
	2. Check the error file for rejections. Participants may update such rejected PAN and PAN flags, if required, through a separate file.
	3. Confirm details provided in report file with those submitted in import file.
	4. If verification is successful, i.e. all the imported values match the intended modification values, use response file to carry out bulk verify and release of modifications imported through PAN import utility. Further, Participants are requested to verify the updated PAN details via Client Master Report or incremental Client Master Export.
	(IV) Scheduled date for Release of PAN utility :
	The utility is scheduled to be released to Participants in the second week of August 2006. The scheduled date for release will be sent to the Participants by NSDL Help Desk (PMC Department).
	Participants are advised to strictly follow the guidelines issued by NSDL vide various circular on PAN and ensure that the PAN details are captured in the DPMAS only after they are duly verified with the Income Tax Department website.
Software utilities for making queries in DPM system	
Circular No. NSDL/POLICY/ 2006/0057 Date: November 24, 2006	**Sub : Software utilities for making queries in DPM system**
	This is in continuation with NSDL circular no. NSDL/POLICY/2006/0042 dated September 23, 2006 and circular no. NSDL/POLICY/2006/0047 dated October 16, 2006 wherein utilities (consisting of various queries) were provided to Depository Participants (DPs). The circular further stated that the incremental utility would be released to the DPs later. This remaining utility (consisting of incremental queries) is being issued on November 24, 2006 by NSDL Helpdesk (PMC Department) along with the operating procedure for running the utility. This utility will give an output of probable data entry errors made during specified time period.
	DPs are advised to run the 'incremental' utility at periodic intervals but not later than a monthly basis. The output of the queries will be only for the specified time period provided by DPs at the time of running the utility. The output generated will have the list of clients which are in the status 'Active', 'Suspended for debit' or 'Suspended for debit and credit'. DPs are advised to preserve the printout of the output of the queries and necessary remarks with respect to action taken by them. DPs are also advised to make suitable remarks with respect to the date on which change was made in the system and the name and initials of the person who has made such changes.
	Internal Auditors of the DPs are advised to verify the action initiated by the DPs and make suitable comments in the quarterly internal audit reports submitted by them including the periodicity of running the utility. Internal auditors may also request DPs to run the query while conducting the audit and satisfy themselves with respect to the output as well as the action taken by the DPs.
	'The logic for the queries in the utilities will remain the same as stated in the above mentioned circulars .The list of queries (incremental) and the ouput thereof is given below :

1. **Incorrect Pin codes in Client Address details:**

   The output will provide the list of client accounts opened during the specified time period where incorrect pincode in client address was entered. In addition, the output will also provide all such client accounts where incorrect pincode was entered in client address while making changes in the client master details during the specified time period.

2. **Incorrect Pin codes in bank address details:**

   The output will provide the list of client accounts opened during the specified time period where incorrect pincode in bank address was entered. In addition, the output will also provide all such client accounts where incorrect pincode was entered in bank address while making changes in the client master details during the specified time period.

3. **Client accounts with standing instruction (SI) disabled :**

   The output provides list of all such client accounts opened during the specified time period where SI is disabled (not ticked in DPM). In addition the output will also provide all such client accounts where SI has been disabled while making changes in the client master details during the specified time period. Further, the outputs have been bifurcated as under:

   a) Client accounts opened in 'resident' category with standing instruction disabled.

   b) Client accounts opened in 'non-resident' category with standing instruction disabled.

4. **List of Client accounts which are opened in the name of "And Sons":**

   The output will provide the list of client accounts opened during the specified time period where the client account have been opened in the name of "And Sons".

5. **List of Client accounts opened for more than three Holders :**

   The output will provide the list of client accounts opened for more than three Holders during the specified time period.

6. **List of Client accounts opened for more than three Holders and SI enabled:**

   The output will provide the list of client accounts opened for more than three Holders with SI enabled during the specified time period. In addition, the output will also provide all such client accounts where SI was enabled while making changes in the client master details during the specified time period.

7. **Bank address details not entered as per NSDL requirements:**

   The output will provide the list of client accounts opened during the specified time period for which fourth row in bank address line was left blank. In addition, the output will also provide all such client accounts where fourth row in bank address line was left blank while making changes in the client master details during the specified time period.

8. **List of client accounts where the first holder is a Minor and the account is opened with a Joint holder :**

   The output will provide the list of client accounts opened during the specified time period where the first holder is a Minor and the account is opened with a Joint holder. In addition, the output will also provide all such client accounts with joint holding where the option 'guardian'

	instaed of nominee has been chosen while making changes in the client master details during the specified time period.
	9. **List of 'HUF' accounts opened under a different type-subtype:**
	The output will provide the list of client accounts opened during the specified time period with suffix 'HUF' in the name of the account holder, but the account has been opened in any sub-type other than 'HUF' in DPM.
	10. **List of demat accounts opened in the 'corporate' category in joint holder:**
	The output will provide the list of client accounts opened in corporate category in joint holder during the specified time period.
	11. **List of corporate Accounts opened which are probably not corporate accounts:**
	The output will provide the list of client accounts opened during the specified time period where the word 'limited' or its variants are not found in the First Holder Name.
Circular No. NSDL/POLICY/ 2006/0047 Date: October 16, 2006	*Sub : Software utilities for making queries in DPM system*
	This is in continuation with NSDL circular no. NSDL/POLICY/2006/0042 dated September 23, 2006 wherein three utilities were provided to Depository Participants (DPs). The circular further stated that other utilities will be released to the DPs later. These remaining nine utilities are being issued on October 17, 2006 by NSDL Helpdesk (PMC Department). These utilities (consisting of queries) will give an output of probable data entry errors made in the past. The utilities to run the queries and generate the output on incremental basis will be released to DPs later.
	DPs are advised to run 'full' utility for the first time and then run the 'incremental' utility at periodic intervals, say each month. The operating procedure for running the utility will be sent by NSDL Helpdesk (PMC Department). The output generated will have the list of Clients which are in the status 'Active', 'Suspended for debit' or 'Suspended for debit and credit'. DPs are advised to preserve the printout of the output of the queries and necessary remarks with respect to action taken by them. DPs are also advised to make suitable remarks with respect to the date on which change was made in the system and the name and initials of the person who has made such changes.
	Internal Auditors of the DPs are advised to verify the action initiated by the DPs and make suitable comments in the quarterly internal audit reports submitted by them. Internal auditors may also request DPs to run the query while conducting the audit and satisfy themselves with respect to the output as well as the action taken by the DPs.
	A list of utilities, their usefulness and the manner in which these utilities should be used is given below:
	1. **Client accounts with standing instruction (SI) disabled :**
	Standing instruction is a facility which ensures the credit of securities through account transfer instructions (including inter depository transfer instructions) in the Client's accounts without specifically giving a receipt instruction to the DP. It is found that in some cases, the SI is found to be disabled. This query will give a list of all such accounts where SI is disabled (not ticked in DPM). Further, the query has been bifurcated into two sub-queries for ease of the DPs. The details are given below.

a) Client accounts opened in 'resident' category with standing instruction disabled :

Generally, it is found that the SI is enabled in DPM. The output of the query will give the list of all such Clients which have been opened in 'resident' category where SI is disabled. After getting the output, DPs should verify the same from account opening forms/Clients and make necessary corrections in the DPM system, if necessary, after requisite documentation.

b) Client accounts opened in 'non-resident' category with standing instruction disabled:

It has been observed that in some cases, DPs disable SI indicator for NRI Client accounts. The output of the query will give the list of all such Clients which have been opened in 'non-resident' category where SI is disabled. After getting the output, DPs should verify the same from account opening forms/Clients and make necessary corrections in the DPM system, if necessary, after requisite documentation.

2. List of Client accounts which are opened in the name of "And Sons":

As all DPs are aware, a demat account cannot be opened in the name of proprietorship firm / partnership firms. E.g. a demat account cannot be opened in the name of XYZ & Sons. The output of the query will give the list of all Client accounts, other than Clearing Member accounts, where the word "SONS" appears in the First Holder's Name. However, this list will also give the names of Clients like 'Mother'sons' Sumi Ltd' where word 'sons' appear. Further, a demat account holding 'commodities' is permitted to be opened in the names of proprietorship firm / partnership firms. The names of such Clients would also appear in the output. Therefore, after getting the output, DPs should verify the same from account opening forms and initiate necessary action with respect to closure of account, wherever applicable.

3. List of Client accounts opened for more than three Holders :

NSDL, vide its circular no. NSDL/PI/99/231 dated April 08, 1999 issued clarification with respect to the manner in which the demat account for more than three holders need to be opened. The output of this query will give list of all such demat accounts where the account has been opened for more than three holders. DPs should verify the same from account opening forms and ascertain whether the account opened is indeed for more than three holders.

4. List of Client accounts opened for more than three Holders and SI enabled:

NSDL, vide its circular no. NSDL/PI/99/231 dated April 08, 1999 advised DPs that in case of such accounts, SI should not be enabled. The output of this query will give list of all such demat accounts where the account has been opened for more than three holders with SI enabled. DPs should verify the same from account opening forms in order to verify whether the account opened is indeed for more than three holders and initiate necessary action with respect to disabling the SI.

5. Bank address details not entered as per NSDL requirements :

NSDL, vide, its circular no. NSDL/PI/2000/2295 dated December 20, 2000 advised DPs to enter the bank details in the manner specified in the circular. The circular stated that the city name should be entered

in the row 4 of the bank address details. However, it is observed that in many cases DPs do not capture the city name in fourth row and leave the same blank. The query will list all such Client accounts for which fourth row in bank address line is left blank. DPs should ensure that the city name is captured in the fourth row by deleting the same if it has been entered in any other row.

6. List of Client accounts where the first Holder is a Minor and the account is opened with a Joint Holder :

As all DPs are aware, a demat account for a minor needs to be opened as a single holder and to be operated by guardian. However, many instances are observed where an account of minor is opened alongwith the joint holder. While generating the output, a query will run where DP has selected an option of 'guardian' and is a joint holder account. However, is some cases, it is observed that if the nominee is minor, DPs select 'guardian' and enter minor's date of birth in the relevant column giving the wrong picture that it is a minor with joint holding account. Therefore, DPs should verify the account opening forms before taking an action.

7. List of 'HUF' accounts opened under a different type-subtype :

The output of this query will give all such accounts with suffix 'HUF' in the name of the account holder, but the account has been opened in any sub-type other than 'HUF' in DPM. The list will also give the names of Clients like 'HUFfrish Cyril Pinto' where word 'HUF' appears. In such cases, based on the output and after verification of account opening forms, DPs should initiate to close the accounts and open the accounts under correct sub-type without any suffix after the name of the Karta.

8. List of demat accounts opened in the 'corporate' category in joint holder:

Generally, a account in the category of 'corporate' is found to be opened as a single holder though demat accounts are permitted to be opened in joint holder capacity. The output of this query will give the list of all such Clients where accounts which are opened in corporate category in joint holder. DPs are advised to verify the same from account opening forms as it has been observed that sometimes, the corporate accounts are opened where the names of authorized signatories are erroneously entered as the joint holders instead of entering the names in 'signatories' panel in DPM. In such cases, based on the output and after verification of account opening forms, DPs should initiate the closure of such accounts where the names of 'authorized signatories' have been entered as joint holders and open the accounts in name of the Corporate.

9. List of corporate Accounts opened which are probably not corporate accounts :

It is observed that in most of the cases, an account opened in 'corporate' category will have a word 'Limited' (and its various variants like 'Ltd.', 'L. T. D.' etc.) in the name. However, sometimes, it is observed that an account opened in the corporate category are opened without having a word 'limited' or its variants. The output of this query will give list of all such 'corporate' Client accounts where the word 'limited' or its variants are not found in the First Holder Name. Therefore, the output generated needs to be verified with the account opening forms and necessary action, if any to be initiated with respect to closure of this account and opening the account in correct category.

Circular No. NSDL/POLICY/2006/0042 Date: September 23, 2006	*Sub : Software utilities for making queries in DPM system*

Sub : Software utilities for making queries in DPM system

As all Depository Participants (DPs) are aware, NSDL officials visit DPs' offices twice a year. During these visits, NSDL officers provide to the DP a list of data entry errors which can be rectified by DPs.

As these visits are conducted twice a year, it is felt that DPs should be enabled to monitor such errors through relevant software utility (consisting of various queries) and rectify the same, wherever necessary. For this purpose, based on experience gained during visits at DPs' offices, NSDL has compiled a list of such utilities.

One such utility (consisting of three queries) will be released to the DPs for usage on September 23, 2006 by NSDL Helpdesk (PMC Department). Other utilities (consisting of some more queries) will be released to the DPs later. The utility being released alongwith this circular will give an output of probable data entry errors of the past. It is also proposed to provide utilities to run queries and generate output on incremental basis.

DPs are advised to run 'full' utility for the first time and then run the 'incremental' utility at periodic intervals, say each month. The operating procedure for running the utility is enclosed as Annexure I. The output generated will have the list of Clients which are in the status 'Active', 'Suspended for debit' or 'Suspended for debit and credit'. DPs are advised to preserve the printout of the output of the queries and necessary remarks with respect to action taken by them. DPs are also advised to make suitable remarks with respect to the date on which change was made in the system and the name and initials of the person who made such changes.

Internal Auditors of the DPs are advised to verify the action initiated by the DPs and make suitable comments in the quarterly internal audit reports submitted by them. Internal auditors may also request DPs to run the query while conducting the audit and satisfy themselves with respect to the output as well as the action taken by the DPs.

A list of utilities being provided with this circular, their usefulness and the manner in which these utilities should be used is given below:

1.   **Hindu Undivided Family (HUF) demat accounts with joint holdings:**

     As DPs are aware, a demat account for holding shares of HUF can be opened only in the name of Karta and it cannot be a joint account. (Circular no. NSDL/PI/2002/1346 dated August 12, 2002). Accordingly, DPM system restricts entry of joint holder names in HUF category of accounts from October 13, 2001. However, it has been observed that in the demat accounts opened prior to that date, a few HUF accounts were opened in joint names. These accounts are still in active status. This query will give a list of all such HUF accounts opened with joint holdings. DPs are advised to close these accounts and open new accounts as stated in the above-mentioned circular. **This utility needs to be run only once and based on such report, action should be taken by DPs.**

2.   **Incorrect Pin codes in Client Address details:**

     The output of this query will identify incorrect pin codes. For this purpose, all pin codes which are less than 100000 and/or greater than 880000 will be listed. Further, the output will not generate the names of Clients where category is 'Non Resident Indian (NRI)/Foreign National'. After getting the output, DPs should verify correct pincodes from account opening forms/Clients and make necessary corrections in the DPM system.

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3.   Incorrect Pin codes in bank address details:

The output of this query will identify incorrect pin codes in bank details. For this purpose, all the pin codes which are less than 100000 and/or greater than 880000 will be listed. Further, the output will not generate the names of Clients where category is 'NRI/Foreign National'. After getting the output, DPs should verify correct pincodes from account opening forms/Clients and make necessary corrections in the DPM system.

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Annexure I

</div>

Operating Procedure for running the utility

Please follow the procedure given below to install the utility on the DPM server.

1.   Zipped File "DP_Reports_For_DPs" is to be placed on the C drive of the server

2.   Unzip the file

3.   On Unzipping the file DP_Reports folder will be created in C drive of the server

4.   Inside DP_Reports folder two folders will be present
Batch_Files
Reports

5.   To create the above mentioned reports at any time, Double_Click.bat file should be double clicked.

6.   Both the above reports would appear in the Reports folder

7.   The naming convention of the files are as given below:
      "query_name(fixed)_date(variable).txt
   e.g: Bank_Addr_Invld_Pincode_Aug1020062.19PM.txt
       Clnt_Addr_Invld_Pincode_Aug1020062.19PM.txt
       HUF_Acct_with_sec_thrd_hldr_Aug1020062.19PM.txt .

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Caution to be exercised while executing freeze in Client accounts using Freeze Utilities

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Circular No.
NSDL/POLICY/
2006/0062
Date: December 20,
2006

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Sub : Caution to be exercised by DPs at the time of executing freeze in Client accounts using Freeze Utilities

As all Depository Participants (DPs) are aware, **"*in case the demat account holder(s) fail(s) to submit the PAN details to the DPs by December 31, 2006 or there are discrepancies in the PAN details that are not resolved by December 31, 2006 such accounts should be 'Suspended for Debit' until PAN details are verified and updated at the DPM Application Software (DPMAS)*"**. DPs are requested to refer NSDL Circular No.NSDL/POLICY/2006/0043 dated September 27, 2006 and various other circulars issued, in this regard.

Attention of DPs is also invited to Circular No. NSDL/POLICY/2006/0051 dated October 19, 2006 wherein general features to operate the freeze utilities were informed to the DPs. NSDL Help Desk (PMC Department) will shortly release the freeze utilities as well the operational manual containing instructions to operate the freeze utilities.

Details of Freeze generated by the two Utilities - Bulk Account Freeze and File Converter:

(a)   Freeze level will be for **"Suspended for Debit"**

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(b)   Freeze reason will be **"Request by Statutory Authority"**

(c)   Freeze description will be **"PAN Pending-SEBI Cir"**

(d)   User remark field will be **"Through Freeze Import"**

(e)   Execution date of the freeze will be **"January 1, 2007"**.

The guidelines for executing freeze instructions is broadly divided into three parts viz. system, operational and general guidelines & obligations. DPs are advised to strictly follow the guidelines as given below :

(I)   System Guidelines :

1)   The response file generated by the two utilities i.e. Bulk Freeze and File Converter will carry the batch id in sequence to the last batch id uploaded in respect to the instructions/client modification/ client closure etc, in the DPMAS. In view of this, DPs should ensure that the batches generated from the back-office are uploaded in the DPMAS before using these utilities otherwise the batch file(s) generated out of the utilities will be rejected by the DPMAS transaction import utility on account of **"Duplicate Batch Id"**. Further, DPs should also update the batch id utilized by these utilities in the back-office so as to generate the batch ids in sequence thereafter.

2)   Upon DPs giving confirmation to generate freeze for Bulk Account Freeze and File Converter utilities, multiple files will be generated with a maximum of 50,000 Client accounts (if the freeze executable accounts are equal or more than 50,000 Client accounts) in each file. These multiple files are the response files in case of Bulk Account Freeze for the purpose of bulk verify & release and batch files in case of File Converter to import into transaction import utility. Criteria for identifying freeze executable accounts is given in our earlier Circular no. NSDL/POLICY/2006/0051 dated October 19, 2006. DPs are advised to keep track of these files that are generated and ensure that the generated files are uploaded in the DPMAS.

3)   DPs should stop the **Receive Service** of the DPMAS at the time of executing freeze instructions.

4)   Ensure that minimum free disk space of 500 MB on 'c' drive as well as 500 MB or 10% of database size on database drive **whichever is higher** is available on the DPMAS server before generating the freeze request.

5)   DPs should ensure that they stay connected on **December 30, 2006 (Saturday)** and **January 1, 2007 (Monday)** failing which, DPs may receive a **delayed BOD** as of **January 2, 2007** on their DPMAS and any failure in pay-in will be the responsibility of the DPs. The status in the Systems Operations profile should show **"Business Ended"** as on December 30, 2006 and **"Regular Operations"** as on January 1, 2007. **It is once again advised that, DPs have to be connected to NSDL for two days as mentioned.**

6)   During the process of executing freeze instructions, DPs should ensure that **no** other process such as execution of settlement instructions, creation, modification, closure of Client accounts and other DPM related activities etc are executed in the DPMAS.

(II)   Operational Guidlelines :

1)   Client accounts in statii "On Hold", "Intransit" and "Closed" will not be frozen by the freeze utilities. DPs should execute freeze instructions

for Clients accounts with statii **"On Hold"**, **"Intransit"** as and when they are activated in the DPMAS and do not comply with Circular No. NSDL/POLICY/2006/0007 dated March 3, 2006.

2) If the Client account is already frozen **("Suspended for Debit")** through DPMAS or *SPEED-e*, the utilities will still allow the DP to initiate the freeze instructions for such accounts but such instructions will fail in the **BOD of January 1, 2007**.

3) If DPs wish to freeze Client accounts for a large number say **10,000** or more, DPs are advised to :

    (a) Ensure that all the **time critical instructions** with the same execution date and future execution date (next day) are executed in the DPMAS on the same day well before 7.30 p.m.;

    (b) Inform Help Desk before releasing the freeze instructions and on completion as well.

    (c) Execute **freeze instructions** after regular operations end i.e. **after 7.30 pm**.

4) On receipt of the freeze utilities from the helpdesk, DPs should start identifying the Client accounts that are not in compliance with PAN requirements and start releasing the future dated freeze instructions for such accounts well before the stipulated deadline, **(December 30, 2006)**, in order to avoid last moment message congestions in the DPMAS.

5) Client accounts that are already frozen (**"Suspended for Debit")** through DPMAS or SPEED-e) as on December 31, 2006, DPs should ensure that such frozen accounts are in compliance with Circular No. NSDL/ POLICY/2006/0007 dated March 3, 2006. If such Client accounts gets unfreezed and do not comply with PAN requirements, DPs are advised to freeze the accounts until the Client submits the PAN card and the DP duly verifies the same as mentioned in various NSDL circulars on PAN.

6) DPs having back office are also advised to ensure readiness in its back office to process large COD exports / incremental client master export files arising out of these exercise. Two set of large COD export file may be expected :

    (i) due to future dated freeze order (before December 31, 2006);

    (ii) due to actual account freeze (on January 1, 2007).

(III) General Guidelines and Obligations:

1) DPs should note that in case of joint holdings, an account will be frozen, if the PAN details are missing for one or more holders of an account.

2) Client accounts that do not comply with Circular No. NSDL/POLICY/ 2006/0007 dated March 3, 2006 and not frozen by DPs as on January 1, 2007, will be treated as violation to SEBI directive.

3) While the utilities will enable the DPs to identify Client accounts without the PAN flag 'Y' and accounts having no PANs at all, DPs should note that failure to set an appropriate flag or failure to update the Client account with appropriate details will render DPs liable to claims by Clients.

4) DPs are advised to only unfreeze the Client accounts, upon the Client(s) submitting the PAN card details and DPs verifying the

	PAN details as per the laid down procedure in circular no. NSDL/POLICY/2006/0007 dated March 3, 2006. In this regard, on compliance with PAN requirements, it may be possible that Clients may submit settlement related instruction alongwith unfreeze instruction. In such a situation, DPs should first unfreeze the Client account and ensure that the status of the unfreeze instruction is **'Closed,Settled'** prior to executing the settlement related instructions for such Client account.
	5) DP can cancel future dated freeze instructions executed before December 31, 2006 for those clients who complete PAN requirement as before that date (December 31, 2006). Utilities for cancellation will also be provided along with freeze utilities.
	6) A special schedule will be drawn up to facilitate setting up freeze in a staggered manner for DPs requiring to freeze more than 50,000 accounts and the same will be communicated to DPs by PMC department.
DPM Software - Modification only with prior permission of NSDL	
Circular No. NSDL/PI/187 Date : September 13, 1997	It has come to our notice that a few Business Partners have attempted changes on their DPM systems without intimation and/or prior permission of NSDL. In course of doing so, on several occasions, DPM system became in-operational and they had to obtain necessary help from NSDL help-desk. NSDL help-desk solved the problem either by remote log-in or by visiting their site.
	In view of the same, it is advised that the Participant should consult NSDL help-desk prior to undertaking any change on DPM system, as mentioned below. Explicit permission must be obtained from NSDL help-desk. Subsequently, a revised Form B should be submitted indicating the change implemented.
	The circular will apply to all the changes listed below :
	1) DPM Hardware replacement/upgrade/change/removal
	2) Re-installation of WINDOWS NT system software on server, Windows-95 system software on client, SQL Server RDBMS, DPM database, NSDL's application software on server/client and Anti Virus software.
	3) Upgrade/replacement of NSDL permitted version of WINDOWS NT system software, SQL Server RDBMS and Anti Virus Software. (including the upgrades suggested by NSDL for which software and procedure for upgrade are provided by NSDL)
	4) Change in settings of Windows-NT OS and SQL Server RDBMS (including settings for security, database mirroring/replication, table sizes etc.)
	5) Installing any additional software and utilities on client/server (e.g. Microsoft office/Exchange, Lotus Notes etc.).
	6) Creating shortcuts or relocating/duplicating NSDL supplied software files in other directories/path (e.g. Copying EXE into Briefcase).
	7) Inter-connection of DPM system to internal LAN, or additional node/server or any other hardware device not specified by NSDL
	(Please note that inter-connection of DPM system to any other WAN is prohibited by DOT).

	In regard to point nos. 4,5,6 and 7, NSDL reserves right to deny permission if the request is in violation of general guideline issued by NSDL, software licensing or any other statutory policy/guideline or the proposed change is likely to create performance problem in the opinion of NSDL.
	Any change being carried out, after obtaining the permission from NSDL help-desk should be done in accordance with procedure stipulated by NSDL.
	The first time upgrade/replacement of DPM application software with new release may be carried out in accordance with the prescribed procedure as per the current practice without additional permission from NSDL.
	If changes undertaken at your end are in violation of this circular and results in a problem, then the Participant may be charged as follows :
	a) Rs.1000/- per man hour of NSDL time used on rectifying the problem, subject to a minimum of Rs.2000/-
	b) Travel charges, if any, at actuals.
	c) Lodging and Boarding charges, if any, at actuals.
	The charges will be without prejudice to any other action, NSDL may initiate considering the seriousness of the violation.
	As NSDL has supplied SQL Server and application software, NSDL help-desk will be responsible for support of SQL Server and application software. However in respect of problems related to Windows NT/Windows 95, additional support from your hardware vendor may be required.
Additional Software permitted on DPM System	
Circular No. NSDL/PI/2002/1519 Date : September 7, 2002	As Participants are aware, NSDL is sending circulars/price files via e-mail in a compressed form. NSDL has provided two licenses of CEDS 10 utility to the Participants for their use on the DPM Server and on the Client machine, for the purpose of reading the circulars/price files sent by NSDL.
	In this regard, some Participants have requested NSDL for an additional license of CEDS 10 utility for the purpose of reading circulars/price files received by them on their internet e-mail Ids. In this context, Participants may note that they may use one additional license of CEDS 10 utility, only for the purpose of reading the circulars/price files received from NSDL on their internet e-mail Ids.
	Any use of the CEDS 10 utility for purposes other than what is stated above will amount to violation of the terms of license and may invite action.
Circular No. NSDL/PI/2002/0405 Date : March 8, 2002	A list of additional software permitted to be installed on the DPM System is enclosed. Participants must ensure that no other additional software is installed on the DPM System.
	List of additional software permitted to be installed on the DPM System
	1. 3 Com NIC diagnostic Direct X Drivers
	2. Acrob Reader V 2.1
	3. Adaptec UDF Reader
	4. Adobe acrobat reader
	5. Adobe Page Maker
	6. Adobe Pagemill 3.0
	7. Adobe Photo Deluxe 2.0
	8. Adobe Photo Deluxe Business Edition 1.1

	9. Adobe Type Manager
	10. ATI Match 64 Display Driver
	11. Caere Scan Manager
	12. Compaq Diagnostic for Windows
	13. Compaq Insight Management Agents
	14. Compaq Integration Maintenance Utility
	15. Compaq Net Agents
	16. Compaq Server Utility
	17. DCOM for Windows 95 (allowed with Operating System - Windows 95)
	18. Direct Drivers
	19. Direct X Drivers
	20. HP Laserjet Pro Uni Installer
	21. HP Library & Tape Tools Version 2.7
	22. IBM Registration
	23. Logitech ScanMan Color 2000
	24. Matrax Powerdesk 4.10.0070 System Policy Editor
	25. Matrox Power Desk 4.18.026
	26. Microsoft Internet Information Server
	27. Microsoft Outlook Express
	28. MS Active Server Pages (only on server)
	29. MS Windows 95 starts here update edition (allowed with Operating System -Windows 95)
	30. PC Care V 1.01
	31. PC Doctors for Windows
	32. Photo Finish
	33. RPADLL Photofinish
	34. S3 Refresh
	35. S3 Video Colour Control
	36. Umax Vistascan Shuttle
	37. USB Supplement OSR2
	38. USB Update to OSR2

DPM System - General operating instructions	
Circular No. NSDL/PI/003 Date: December 28, 1997	All the Participants are hereby informed that for the purpose of depository operations, they should strictly adhere to the schedules and the general operating instructions as laid down in Annexure 'A'. In case of any clarification or further information, the Participant may contact our 'Help Desk' at NSDL on 4976341, 4976348, 4975243, 4945177, 4937026, 4937031, 4972970 Extn 4630 - 4636.
	Annexure 'A'
	General Operating Instructions for all Business Partners*
	Backup
	• BPs should ensure that adequate number of DATs (atleast 10 per week) are available for taking Backups.

- The systems person must take backup daily, 30 minutes after confirming the `Business Ended' message in system operation profile.

- BPs should maintain a Remote Backup.

- BPs should send in Backup DATs when asked by NSDL. This will help NSDL to confirm the correctness of Backup procedure carried out by the Participants and also check integrity of the data backed up.

- Backup should be taken every day, even if there are no business transactions.

- In case of BPs working on Saturdays & Sundays, backup should be taken on separate DATs reserved for Saturdays & Sundays.

- Do not recycle the tapes in the same week.

- Do not select the Replace option while taking hourly Transaction Log backup (except when the tape is used for the first time or when it is recycled)

Windows NT·

- Ensure that you should have Windows NT Setup Boot Diskettes.

- Prepare the Emergency Repair disk after Windows NT installation.

- Ensure that you should have \Windows NT35 Directory Backup with Registry.

Router

- Keep the Router on until 30 minutes past receipt of 'Business Ended Message'. The router can be switched off then, just before taking backup.

- Do not change any of the Router configuration unless specifically instructed by the NSDL Networking Group.

Modem/IDU

- Keep the IDU/MODEM on until 30 minutes past receipt of 'Business Ended Message' . The router can be switched off then, just before taking backup.

UPS Protection

- Should have UPS to protect Server + Router + Modem + IDU. The UPS should have atleast 30 Minutes backup.

- In case of power failure, ensure that system is gracefully shutdown (through File/Shutdown" option of Windows NT menu) before UPS trips. Before starting operations please ensure that the UPS battery is fully charged.

Training / Staffing

- Train adequate staff for operating the DPM software and administering the system for minimum 2 shift operations.

- BPs should ensure that the system administrator is trained by NSDL on use of Application Software as well as other application related system administration procedures, like taking backup, starting and shutting communication and interface process etc.

- BPs shall ensure that trained WIN NT and MS SQL staff is available for administrating the DPM system. This is applicable for DBA functions also.

	• The system administrator should posses skills on Windows NT and SQL Server. Required skills on Windows NT and SQL Server are listed below
	• Familiarity with Windows NT and Windows 95 environment
	• Basic concept of domains and IP addressing
	• Creating user accounts
	• Implementing security on files and resources
	• Interpreting event log and taking backup of event log
	• Preventive measures against system breakdown
	• Backup and restoring data
	• Basic RDBMS concepts
	• Familiarity with SQL server tools like SQL enterprise manager, isql/w
	• Monitoring SQL activity using performance monitor
	• Backup and Restore of SSQL databases using enterprise manager
	• Interpreting SQL server error log
	Kindly note that the BPs can avail the training facilities provided by Authorized Training Centers of Microsoft.
	• It is mandatory for the BPs to arrange for systems administrator to remain available
	➢ during the crucial time of Business Operation on production environment
	➢ during power on and power off of system
	➢ on call (round the clock) while not present at the BP site
	Power On / Off
	• While powering down the server ensure that on all client terminals have quit out of the DPM application .Then on the server select '**File/ Shutdown**' and select option 'Shutdown'. Only when the message is displayed "It is now safe to turn of the computer", server should be powered Off.
	• Do not allow the operations staff to start operating the DPM software unless the systems Administrator ensures that all the communication processes are started.
	Help Desk Calls
	• All Help Desk calls should be directed on Number- 4945177, in case this number is busy you should call up on 4972950- 59 Ext. 407/408.
	Operational Schedule
	• The BPs should ensure that the communication process be shut off at 9.30 a.m. every day from Monday to Friday. If there are any changes, they will be communicated separately.
	• Participants and Registrars should start the communication process only after 3.30 p.m. daily. (6:00 p.m. on settlement day, which is generally Wednesday)

- Thus communication process should be compulsorily shut off between 9.30 a.m. to 3.30 p.m. (9:30 a.m. to 6:00 p.m. on settlement day, which is generally Wednesday)

- From 9:30 am to 3.30 p.m. (6:00 p.m. on settlement day, which is generally Wednesday) BPs can function in Capture Mode.

- BPs will not be able to "Verify and Release" after the scheduled time of EOD ie. 6.00 PM (8:00 PM on settlement day, which is generally Wednesday) onwards. From this time onwards the BPs will be working in Capture mode. The BPs will start working in "Verify and Release" mode after getting the next BOD message.

- The BP can again start the communication process after the backup is over. However "Verify and Release" will not be possible if the BOD for the next day is not sent by NSDL.

- If the Communication process is on at the BP's server and BOD is received, the DPs can "Verify and Release", but only upto 9.30 a.m. next day (provided next day is not Saturday or Sunday).

- Even if there are no business transactions, the BP's server should be kept on every day, starting from 3.30 p.m. (6.00 p.m. on settlement day, which is generally Wednesday), until 30 minutes past receipt of `Business Ended' message.

- EOD time can be extended in case of bulk master data entry being carried out at NSDL. In this case the BPs will be required to arrange for adequate staff to take the Backup and shut the system.

Summary

- Transaction "Verify and Release" operations between 3.30 p.m. to 6.30 p.m. on Monday, Tuesday, Thursday, Friday and 6.00 p.m. to 8.00 p.m. on Wednesday

- Registrars and Participants connected to Depository through Leased lines will be allowed Transaction "Verify and Release" operations between 9.30 a.m. to 6.30 p.m. on Monday, Tuesday, Thursday, Friday and 9.30 to 8.00 p.m. on Wednesday

Note : It should be noted that in case settlement is not carried out on a Wednesday (non working day), it is generally carried out on the following working day. This implies that operation time on this day can be modified, which will be communicated to the all BPs.

EOD/BOD

- Depository will certainly broadcast BOD message to all participants and Registrars before 9.30 a.m. of the working day. Depository will endeavor to broadcast the same preferably by midnight of the previous working day.

- It should be noted that BOD message broadcast at Friday midnight/ Saturday early morning will be for BOD of Monday or the first working day of coming week.

- Thus all the transaction "Verified and Released" on Saturday and Sunday will be booked for Monday.

Security

- It is mandatory for the system administrator, at BP, to assign specific roles to the operators.

- Each operator should have different Login Name and Password on Windows NT, SQL Server and Application.

- All users should not be given System Administrator privilege.

Server Booting

- On booting the server a message is flashed on the screen "Do you want to boot from the Last Known Good Menu, Press Spacebar to do so". Do not select this option.

  Using this option is very <u>Dangerous</u> as it is quite possible that the registry entries maintained by Windows NT may be lost. This may also lead to reinstallation of Windows NT, as a result of which all the data on the server cannot be recovered.

General

- Do not experiment with the installed system configuration.

- Check System Operation Profile everyday at 3.30 and check that the Current Business Date is updated. In case of discrepancy contact Help Desk.

- Report any error to help-desk immediately.

- Check whether all processes are running in Administrative tools/ Performance Monitor.

- The system on which the DPM software is loaded should not be put to any other use i.e. no other application software should be installed

- Do not delete or load any file on the system unless specifically directed by NSDL IT staff.

- Do not change Date/Time or any other configuration, unless specifically directed by NSDL IT staff

- Do not connect DPM system's clients machines to any other WAN

- Do not change the System Administrator password without a formal communication to NSDL.

- Do not access SQL database externally unless specifically directed by NSDL Systems staff.

DPM system - Guidelines for monitoring hard-disk space	
Circular No. NSDL/PI/98/372 Date :August 13,1998	All Participants are advised to follow and strictly adhere to the guidelines for monitoring hard disk space given in the enclosed annexure to ensure proper functioning of DPM Application Software and smooth conduct of your business operations.
	Guidelines for monitoring hard disk space
	The System Administrator of the Participant should carry out the activities mentioned below on the DPM Server regularly :
	The free space available on the DPM Server should be monitored regularly and it should be ensured that at any given point of time sufficient free space (around 400 MB) is available on the DPM Server. In order to achieve this, the following unwanted files residing on the server must be deleted:

Sr. No	Name of files	What to check before deleting	When to delete
(i)	Files generated after successful installation/ upgradation of DPM Application Software. The names of these files are mentioned in the installation/ upgradation manual	Ensure that the software is running smoothly for a week. The clientdisk directory should not be deleted.	A week after installation / upgradation of the DPM Application Software
(ii)	System-generated transaction log (Transnsdlxxxxxxxx.dat) residing at c:\mssql\ backup directory	Ensure that all the files are backed up on two DATs (local and remote backup DAT)	At the end of every week, all files which are more than three days old
(iii)	Temporary files (*.tmp) residing on the server	Nothing	At the end of every week
(iv)	Back office related files residing on the Server	A copy, if required, is stored in the back-office	At the end of every day.

The following must also be ensured :

o   Ensure that your "Recycle Bin" is empty.

o   Ensure that no software other than Windows NT 4.0, DPM Application software, MS SQL 6.5 is installed on the server.

In case there is no sufficient space on the hard disk even after removing the unwanted files, the Participant must upgrade its hard disk in consultation with NSDL.

DPM system - Monitoring hard-disk failure

Circular No. NSDL/PI/2002/1262 Date: July 29, 2002

Participants may note that there have been instances where the DPM server of Participants stopped functioning on account of Registry corruption in the Windows NT server Operating System (OS). In order to rectify the problem, Windows NT server OS was required to be re-installed, which takes a long time. This results in disruption of the operations of the Participants for a long time. In this context, Participants may note that Windows NT / Windows 2000 server OS allows creation of Emergency Repair Disk (ERD) with which majority of Registry corruption incidences in the OS can be rectified without a need to re-install the OS and DPM System can start functioning in a short time.

Further, there have been instances where DPM server of Participants stopped functioning due to failure of RAID controller card. In such an event, Participants are required to source an identical RAID controller card and also apply the latest RAID controller configuration backup. In case the latest RAID controller configuration backup is not available, then the RAID implementation of the DPM server needs to be re-configured afresh with the result that all the information stored on the disk including the database is lost. In such an event, the database has to be recreated from the last available backup.

In view of the aforesaid, Participants are advised as follows:

(1)   Create fresh copy of ERD of DPM server atleast on a fortnightly basis as well as immediately after any changes are effected to Hardware/ Software configuration of the server.

	(2) Take backup of RAID controller configuration of DPM sever atleast on a monthly basis as well as immediately after disk/RAID controller repairs/ upgrade.
	It may also be mentioned that RAID controller configuration backup can be taken only through RAID monitoring utility, which is available at no extra charge. Participants are therefore advised to source the utility from their vendor if not already installed on their DPM server.
	Further, Participants are advised to maintain a record of the backup of ERD and RAID configuration, in their Backup Register. Participants may contact NSDL Help Desk in case of difficulty in creating ERD and in taking backup of RAID configuration.
Circular No. NSDL/PI/2001/678 Date : May 18, 2001	NSDL has mandated use of RAID (Redundant Array of Inexpensive Disk) hard disk for housing of DPM database on DPM Server. RAID implementation provides for redundancy and thus first failure of disk does not lead to loss of data but just the redundancy. However, it is important to become aware of this first failure so that Participants can call hardware engineer and get the problem fixed. If the problem is not fixed promptly and the second hard disk fails, then this will result in loss of data.
	Windows NT Operating System does not detect the first hard disk failure. However, the failure of the disk can be easily discovered through visual inspection of the activity lights on the hard disk. Each disk has a separate activity light, which flickers with a level of activity and bears either green or amber/red colour as explained below:
	If disk drive is functioning normally, its activity light will flicker in green colour. All activity lights flickering in green colour indicate that disks subsystem is functioning normally.
	The activity light of a disk drive will turn amber or red in colour if the drive is in-operational. The activity lights of other normal disks will continue to flicker in green. Thus finding one of the activity light in red/amber colour indicate that a drive has developed a problem.
	Participants are advised that their system staff visually inspect the condition of activity lights of DPM Server disk sub-system once in a day and confirm that all drives are operating normally.
	In case they notice one of the activity light flickering in red/amber colour then they must report the problem to NSDL help desk and seek guidance. Participants are advised not to attempt resolution of this hardware problem through their vendor until it is cleared by informing NSDL help desk.
	Participants are further advised to maintain safe copy of RAID configuration backup and also Emergency Repair Disk (ERD) to deal with Operating System related problem. Participants should also ensure that log file replication is ON and ensure that all required backups are taken in accordance with the procedures prescribed by NSDL.

DPM system - Monitoring messages & Releasing instructions

Circular No. NSDL/PI/2002/1004 Date: June 22, 2002	It has been observed that Participants do not execute (verify/release) the instructions if Beginning of Day (BOD) message is not received by the DPM System. Participants may note that instructions such as account transfers, inter-settlement transfers, CM Pool to CM Pool transfers, Delivery Outs, Deferred Delivery Orders and Inter Depository transfers can be captured and verified/released even if BOD has not been received by the DPM System.

Thus, the instructions which are verified/released before the receipt of BOD will be transmitted to NSDL immediately and such instructions will be processed, provided all the services are running successfully at the Participant's end. However, Participants are advised to remain in contact with NSDL Help Desk and also ensure that all instructions have been transmitted to NSDL. Further, the status of such instructions may appear as "In Transit to NSDL" in the DPM System and once the BOD is received, the status will change to "Overdue" / "Accepted by NSDL" / "Closed Settled", as the case may be.

Further, NSDL Help Desk has been receiving calls about instructions remaining in status "In transit to NSDL". In this context, Participants are advised that the "Message Control Panel" under GISMO allows the Participants to view the status of incoming and out-going messages. The outgoing messages can be viewed in the "Transmit" queue. Participants should monitor the status of the messages, especially the messages which are in status "To be Transmitted" or " In Transmission ", at regular intervals. In order to find the latest status, Participant should query repeatedly since message control panel does not refresh automatically. The messages in the transmit queue undergoes the following status changes which are highlighted with the following colours:

Status	Reason	Colour
To be Transmitted	Message is waiting in queue to be transmitted to NSDL.	Red
In Transmission	Message has been picked by comms service for delivering to NSDL but waiting for acknowledgment from NSDL.	Yellow
Transmitted	The message has received acknowledgment from NSDL.	White
Others	When there is a message format mismatch between the DPM and NSDL systems. In such case an error number will be indicated in the status field.	Blue
Transmitted by DAT	In case of network failure when the messages have been sent to NSDL via Magnetic media instead of online link	Grey

Participants are also advised to note the following:

1)   The status of the messages will change from "To be Transmitted" to "In Transmission" and finally to "Transmitted", provided NSDL Interface Transmit, NSDL Interface Receive and Comms services are running without any application errors.

2)   In case the messages remain in status "To be Transmitted" or "In Transmission" for a long time or in status "Others", Participant should inform NSDL Help Desk immediately.

3)   Participants must ensure through GISMO panel that Communications to NSDL, NSDL Interface Transmit, NSDL Interface Receive, Ping to NSDL and Ping to router are functioning successfully. However, if Communications to NSDL, NSDL Interface Transmit and NSDL Interface Receive stops or Ping to NSDL and Ping to router fails, Participant must report the same to NSDL Help Desk immediately.

DPM System - Reporting problem to NSDL Helpdesk	
Circular No. NSDL/PI/98/517 Date : October 12, 1998	Attention of the Participants is invited to the circular no. NSDL/ PI/98/353 dated August 6, 1998 regarding Operating Instructions for the day-to-day depository operations. In this regard, it is advised that all problems especially relating to hardware/software/communications and status of instructions entered in the DPM system should be promptly reported at the NSDL HelpDesk. Kindly ensure to obtain a token number for the problem reported and quote the same for subsequent follow-up with NSDL. The HelpDesk telephone numbers are : 4945177, 4976341, 4975243, 4972964-70 (Extn. 4037 and 4038).
DPM System - Upgrading DPM hardware- Prior permission of NSDL	
Circular No. NSDL/PI/99/106 Date : February 18, 1999	All Participants are hereby advised that any upgradation of the DPM Hardware should be undertaken only after obtaining prior permission from NSDL. Participants are advised to ensure the following before proceeding with any upgradation : (i) Inform NSDL atleast a week in advance about the details of the proposed upgradation of hardware. (ii) Time schedule for upgradation shall be fixed in consultation with NSDL. (iii) All requisite steps as may be specified by NSDL for this purposes shall be carried out. (iv) Revised Form 'B' must be submitted to NSDL. Participants are cautioned that any unilateral upgradation of the DPM hardware may result in the failure of the system, seriously jeopardising their day-to-day depository operations causing losses to their clients.
DPM System - Security administration	
Circular No. NSDL/PI/2002/1862 Date : October 26, 2002	Further to our Circular No. NSDL/PI/2000/820 dated May 31, 2000 regarding guidelines related to Password management, all Participants are hereby advised to observe the following guidelines for Router password management: • Length of the Password should be **atleast** 8 characters. • Password should be changed every 60 days. Participants are advised to implement the aforesaid with immediate effect and follow specific guidelines mentioned in the aforesaid circular for Password management.
Circular No. NSDL/PI/2000/820 Date : May 31, 2000	As all Participants are aware, the application software supplied by NSDL to its Participants provides a facility to secure the application using password. Participants are advised to create "ADMIN User" who will act as the System Administrator for NSDL DPM Application while installing the Application. This ADMIN User in turn will create various Users who will have the access to various parts of DPM Application. These Users can perform various functions in DPM Application depending upon the rights given to them by ADMIN User. The details on how to create function groups and the structure of access rights are provided in the User's Manual supplied by NSDL. It is recommended to have only one employee in the organization with ADMIN level access to the DPM Application. However, his/her Password may be kept in sealed envelope with the Data Security Officer or any other designated officer so that in the absence of ADMIN User, his/her duties can be performed by referring to the password so preserved. A record of the events of taking the password from the envelope should be maintained to keep an audit trail. Whenever the password is used in this process, it is advised that the password is changed

	and the new password is preserved. A similar practice may be implemented for preserving passwords of other devices like NT, Server, Desktop and Router.
	General Guidelines on Password management: -
	• Length of the Password can be Minimum 6 Characters. It is recommended that the length of password should be 8 characters.
	• Password can have alpha, numeric or special characters in any order. It is recommended that the first character is an alphabet.
	• Password should not be related to or resemble the name of the user or kith and kin of the user.
	• Password should not be a dictionary word or name of the location/city/ town/building/organisation in which the machine is located.
	• Password may be changed every 60 days.
	• ADMIN User is requested to change the status of a User to 'Suspended' if the User goes on leave for more than two days to avoid misuse of the User Id by other Users. The status can be made active once the User resumes the duty.
	• It is recommended that the status of a User be changed to 'Closed' if the User leaves the organization.
	Participants are advised to implement these guidelines with immediate effect.

DPM setup after upgradation - Checklist for Compliance	
Circular No. NSDL/PI/2004/0648 Date : April 10,2004	NSDL, vide its circulars, has been prescribing certain procedures that are to be followed by Participants after they carry out any significant change in the hardware / software used for depository purposes such as:

1) upgradation of the server used for DPM activities

2) replacement of server

3) server migration

4) reconfiguration of the server

5) reloading of server Operating System and related software

It has been observed that some Participants are not complying with these requirements and as a result face problems in their routine depository related operations.

For the benefit of the Participants, a checklist of activities to be performed after any of the abovementioned activities are carried out, has been compiled, as follows:

Sr. No.	Description	Circular No.	Date
1	Separate HDD for Operating System and database to reside on RAID configured drive	NSDL/PI/2002/1174	July 18, 2002
2	Configuration of server to ensure Robocopy feature is enabled for copying the transaction logs on the Client machine	NSDL/PI/2002/0656	April 19, 2002

Sr. No.	Description	Circular No.	Date
3	Installation of Latest Anti-virus software	NSDL/PI/2002/1684	October 3, 2002
4	Installation of RAID Monitoring utility	NSDL/PI/2002/1262	July 29, 2002
5	ERD and RAID configuration backup	NSDL/PI/2002/1262	July 29, 2002
6	Installation of WinZip / ZipITfast or compatible zipping software	NSDL/PI/2002/2060	Nove., 28, 2002
7	Submission of Revised Form B	NSDL/PI/2002/2068	Dec. 2, 2002

Besides, Participants are advised to ensure that:

1) the number of SQL Server licenses are reconfigured as per the details provided by NSDL;

2) modem is configured and tested for RAS and PPP connectivity so that it can be used as a fallback means of connectivity;

3) service packs for Windows server are duly installed;

4) MS Exchange utility is installed and configured to send and receive emails from NSDL; and

5) NETBUEI protocol on server is installed to communicate with client machines during PPP connectivity.

Participants are advised to ensure compliance of the above.

NSDL email server

Circular No.
NSDL/PI/2004/0690
Date : April 19,2004

As all Participants are aware, NSDL is providing an e-mail based communication for its Participants. Using this facility, Participants can receive / send e-mails through Microsoft Exchange Client software installed on NSDL DPM server and a Client machine. At present, Participants can use this facility between 6 p.m. and 9 a.m.

NSDL is upgrading its e-mail server which will be accessible using Microsoft Outlook Express. Pursuant to the upgradation, Participants who are connected to NSDL through leased line will be able to access this facility for 24 hours. However, there will be no change in the timings for Participants who are connected to NSDL through VSAT.

All Participants are hereby advised to perform the following activities:

a) install and configure Microsoft Outlook Express (which is installable as part of Internet Explorer version 5.5 or 6.0) on NSDL DPM server and a Client machine as per the instructions given in the *"Installation and Configuration Manual for Outlook Express"* provided at NSDL Intranet **http//sqlassist.**

b) send a test mail to NSDL Help Desk from the NSDL DPM server as well as the Client machine indicating the successful installation of Microsoft Outlook Express.

	c) uninstall the existing Microsoft Exchange Client software from their NSDL DPM server and Client machine.
	Participants are advised to complete the above activities on or before **April 30, 2004.** Any failure in complying with the above will result in Participants not able to receive / send e-mail based communications.

Phasing out of CISCO Router 2500 series

Circular No. NSDL/PI/2005/1364 Date: July 27, 2005	Attention of all Participants is invited to Circular no NSDL/PI/2004/1421 dated August 9, 2004 wherein Participants were informed about phasing out of CISCO 2500 series router, as CISCO has discontinued supply of spare parts for the said series.
	It is observed that a number of Participants are still working on CISCO 2500 series router. NSDL would like to reiterate that any fault /mechanical failure in the router would disrupt the depository activities of the Participants, as timely replacement may not be available.
	As Participants are carrying out time critical depository operations and to ensure smooth business operations, Participants are hereby advised to replace CISCO 2500 series router with models as specified in Circular no NSDL/PI/ 2004/1968 dated October 29, 2004.
Circular No. NSDL/PI/2004/1421 Date: August 9,2004	All Participants are hereby informed that CISCO has declared end of service life for its 2500 series router, which is one of the models empanelled by NSDL. Vendors who have stocked spare parts for CISCO **2500 series router** may be in a position to offer the service / replacement for faulty parts till stocks last, but CISCO has informed that they will not supply new spare parts.
	Considering the above factors and the requirement of maintaining continuous electronic connectivity with NSDL, Participants are advised to phase out this model of router by acquiring one of the current empanelled routers.
	Further, upgradation of router should be undertaken only after obtaining a detailed technical guidance and clearance from NSDL Help Desk. Subsequent to the migration, Participants should submit revised form-B to NSDL.

b. Backup

DPM System - Importance of taking backup

Regulation 50	Where records are kept electronically by the participant, it shall ensure that the integrity of the data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and in the event of loss or destruction, ensure that sufficient back up of records is available at all times at a different place

Creation of Automated System Recovery backup in Windows 2003 Server

Circular No. NSDL/POLICY/2008/ 0069 Date: October 10, 2008	*Sub : Creation of Automated System Recovery backup in Windows 2003 Server*
	At present it is mandatory for Business Partners of NSDL (which have windows 2000 server as their DPM server OS) to take backup of Emergency Repair Disk (ERD) as per the prescribed procedure. NSDL has advised Business Partners to upgrade from Windows 2000 server to Windows 2003 server as Microsoft has withdrawn support on Windows 2000 Server.
	Microsoft Windows 2003 Server Operating System allows creation of Automated System Recovery (ASR) backup instead of Emergency Repair Disk (ERD)

available for Windows NT / Windows 2000 Operating Systems. The Automated System Recovery backs up the System State data, system services, and all disk configuration information needed to boot the operating system. ASR backup also creates a floppy disk, which contains information about the backup, the disk configurations (including basic and dynamic volumes).It may be noted that ASR backup does not include data files. The ASR Wizard after creating the ASR floppy disk creates the ASR backup file on the hard disk of the Server which is around 800 MB or higher in size. Please make sure this backup file is created on disk drive other than C Drive of Server where more than 5 GB free space is available. After creation the ASR backup file has to be copied to hard disk of any client machine. The procedure for taking the ASR backup is attached as Annexure-I.

In view of the aforesaid, Participants having Windows 2003 Server is advised as follows:

1.   Create fresh copy of ASR backup of DPM server atleast on a bi-monthly basis as well as immediately after any changes are effected to Hardware/ Software configuration of the server.

2.   Participants are advised to maintain a record of the backup of ASR in their Backup Register

3.   The details of ASR backup would be verified during the System Inspections.

Participants may contact Sanjay Mirchandani on Tel No. (022) 2499 4454, Sankalp Parlia on Tel No. (022) 2499 4451 or Vikas Gorule on Tel No. (022) 2499 4455 in case of any query regarding ASR backup or in case of difficulty in creating ASR Backup.

Backup on holidays & Penalty	
Circular No. NSDL/PI/2002/0474 Date: March 21,2002	Attention of the Participants is invited to Rule 18.1.1 (ii) of the Business Rules of NSDL, regarding levy of penalty of Rs. 5000/- for not taking daily backup and/or deviation in the procedure for taking backup. In this context, it has been observed that some Participants are not taking backup on a daily basis, especially on holidays. It should be noted that on a holiday, if the DPM server is kept on with communication service running, then the Participant should take a backup. Any failure in this regard will attract the aforementioned penalty.
Circular No. NSDL/PI/98/016 Date : January 6,1998	NSDL requires all business partners (all depository participants, share registrars, companies doing share registry work) to take the back-up of their data regularly and to store this back-up at a site other than the site where the hardware etc. having connectivity with NSDL is located. In order to ensure that the business partners are indeed taking the backup regularly, NSDL calls for the back-up DATs from its business partners from time to time.

It has been observed that while some business partners are taking the back-up regularly and in accordance with the procedure, many are not. It has also been found that in some cases the response to our demand for the back-up DATs is slow and is forthcoming only on repeated reminders. NSDL would like to reiterate to its business partners that they will not only jeopardise their own ability to continue business in the event of a disaster but will create |

	difficulties for the whole system if proper back-ups are not taken. It is therefore necessary for the business partners to maintain a minimum acceptable standard.
	The question of failure to take a back-up was considered by the Executive Committee of NSDL in its last meeting. Considering the gravity of the matter, the Committee decided that on the first occasion when a business partner is found to have not taken the back-up daily or that the back-up taken by the business partner is taken without following the proper procedure, the partner will be warned and on subsequent occasions of default, a penalty be levied. This may be followed by further disciplinary action if repeated defaults are noticed. NSDL would prefer not to be required to take this measure.
	Considering the fact that quite some time has lapsed since some of the business partners have undergone training, it has been decided to hold a special half day training programme focusing exclusively on the correct back-up procedure and related practices. This training would be offered free for one person from each business partner. If any additional demand is received from the business partners, the training would be offered again on the basis of a charge. We would request you to send your nominations to NSDL in case you wish to avail of this opportunity. The exact date of training will be communicated to you separately.
	We intend to start implementing the decision of the Executive Committee after the special training is over. We would request our business partners to bring this circular to the notice of their senior management. The compliance officers of business partners should review the present practice of taking back-ups within their respective organisations.
FAQs for backup	
Circular No. NSDL/PI/98/215 Date : June 5, 1998	NSDL has been receiving number of queries at the Help-Desk regarding backups. Many such queries are repetitive in nature. In this context, NSDL has compiled a document of Frequently Asked Questions (FAQs) on backups and the solutions for the same, which is enclosed. This will help the Participants in resolving problems quickly and will save on cost and time spent in making telephone calls to the Help-Desk. It is envisaged that Participants would attempt the solutions recommended in the document before communicating to Help-Desk for resolving the problems.
	Participants are once again advised to strictly follow the back-up procedures stipulated by NSDL. This is essential as it ensures safety of your data and in a situation of crisis you can recover only if you take correct backup. Your business recovery plan would be severely jeopardised if you do not take a correct backup.
	Frequently Asked Questions & Solutions thereof on Backups
	NSDL Help Desk has reviewed the problems reported for Backup procedure over the last few months and has identified a set of questions that are frequently asked by Participants. This document on 'Frequently Asked Questions' (FAQ) and solutions thereof is prepared for quick reference of Participants.

Q1.   Why to take backup on daily basis?

If the system breaks down, with latest available backup of database and transaction log, the database of the Participant can be rebuilt. The backup is the only media by which the Participant's database can be reconstructed.

Q2.   From where to take backup?

It is advised to take a backup from GISMO application which is on the NSDL DPM server.

Q3.   What should be the sequence of taking the backup?

The sequence of taking backup using GISMO should be as follows:

I.   NSDLDPM -Transaction log (opm_transnsdl)

II.   NSDLDPM - Database

III.   MASTER - Database

IV.   MSDB - Database

V.   Backup to tape

Q4.   How to take backup?

A summary of various steps to be performed while taking database and transaction log backup is given below. Participants are advised to refer to the Backup Procedure Manual for the detailed steps to be performed.

A.   Device name terminology: Names of the database devices which are to be backed up by the Participant, are as mentioned below :

    1.   opm_transnsdl : For transaction log device backup for User DataBase

    2.   opm_dbnsdl : For User DataBase (NSDLDPM /NSDLSHR / NSDLCC)

    3.   opm_dbmast : For Master DataBase

    4.   opm_dbms : For MSDB DataBase

B.   Backup Procedure: Backup is first to be taken on hard disk and then on DATs as explained below:

Step 1 : Backup on Hard disk:

1.   Log-in to GISMO panel on the server with User-Id "Backup".

2.   Take transaction log device backup by selecting "Backup" icon, then go to "NSDLDPM" and click on "Transaction"

3.   Take database backup of NSDLDPM by selecting "Backup" icon, then go to "NSDLDPM" and click on "Database"

4.   Take backup of Master database by selecting "Backup" icon, then go to "MASTER" and click on "Database"

5.   Take backup of MSDB database by selecting "Backup" icon, then go to "MSDB" and click on "Database"

With this, the user completes taking backup on the Hard-disk.

Step 2 : Backup on DAT :

Database Backup

1. Insert the relevant database DAT (i.e. odd or even) into the DAT drive.

2. Go to GISMO panel

3. Select "Backup" icon, then click on "Backup to tape"

4. Select all the files "opm_dbnsdl" for user Database, "opm_dbmast" for Master Database and "opm_dbms" for MSDB Database

5. Click on Backup. This will initiate the backup procedure.

6. In case the system flashes a message "The tape is full. The tape has been rewound. Insert the next tape for this backup", the backup may be continued on the next tape. However, it must be ensured that the label of the DAT should indicate that the backup of that day is taken on two separate DATs.

7. After the system flashes the message "Operation was successfully completed", as the backup is completed, remove the DAT.

8. Repeat the above procedure for remote site DAT.

Transaction log Backup (Device & Automatic)

1. Insert the relevant transaction DAT (i.e. odd or even) into the DAT drive.

2. Go to GISMO panel

3. Select "Backup" icon, then click on "Backup to tape"

4. Select the file "opm_transnsdl" for taking backup of transaction log devise backup

5. Also select all the system-generated automatic transaction log files generated after the last database backup. The filenames of these are "Transnsdldpm980324150000.dat" having the date and time stamp.

6. Click on Backup. This will initiate the backup procedure.

7. In case the system flashes a message "The tape is full. The tape has been rewound. Insert the next tape for this backup.", the backup may be continued on the next tape. However, it must be ensured that the label of the DAT should indicate that the backup of that day is taken on two separate DATs.

8. After the system flashes the message "Operation was sucessfully completed", as the backup is completed, remove the DAT.

9. Repeat the above procedure for remote site DAT.

Q5. When to take backup?

Backup should be taken daily after the EOD is complete. Further, it should be ensured that the backup is never taken when the "Systems Operation Profile" shows status "EOD IN PROCESS".

In case of an emergency, when the Participant cannot stay till the EOD is complete, then it is advised that the Participant should take backup and switch off the server.

Q6. What if the server is on throughout the night?

If the Participant keeps the server on throughout the night, then it should be

ensured that the three services (receive, transmit and communications) which are automatically stopped during the backup are started again immediately after taking backup (i.e. backup of Day 1). While taking the backup on the next day (backup of Day 2), the backup of the transaction log files generated after taking backup of Day 1 should also be taken. Please refer to answer to question 12 for further clarifications.

Q7.   What is meant by database backup & transaction log backup?

- Database backup means the backup of master, msdb & nsdldpm databases.

- Transaction log backup means the backup of transaction log device file (opm_transnsdl) and the automatic (system-generated) transaction log files as of that day.

Q8.   What is meant by device transaction & automatic transaction?

- Devise transaction means the transaction log device backup taken by the Participant.

- Automatic transaction log means the backup which the system takes by itself. It is stored in "c:\mssql\backup" directory on the server. The format of the filename is Transnsdldpmyymmddhhmmss.dat". Here 'yy' stands for year, 'mm' stands for the month, 'dd' stands for date & 'hhmmss' stands for the time, e.g. transnsdldpm 980312140200.dat indicates a transaction log file which was generated by the system on 12th March, 1998 at 2.02 pm.

Q9.   What is to be done if automatic transaction is not generated?

The BOD message triggers generation of automatic transaction log files, hence check if you have received the BOD as of that day. Secondly, check whether all the three services (receive, transmit and communications) are started. If the problem still persists contact NSDL Helpdesk.

Q10. How many DAT's are required for backup and for how much time should it be retained?

At any point of time, a minimum of nine DATs are required which are to be used as follows :

1st Set : (For Local Storage)

i.   Odd date's transaction log backup

ii.   Odd date's database backup

iii.   Even date's transaction log backup

iv.   Even date's database backup

2nd Set : (For Remote Storage)

i.   Odd date's transaction log backup

ii.   Odd date's database backup

iii.   Even date's transaction log backup

iv.   Even date's database backup

In addition, one DAT will be required for full harddisk backup for special

events such as Upgrade of NSDL software, etc.

Once a DAT is full it has to be retained for a period of 90 days, following which it can be reused.

Q11. What if the DAT drive stops working ?

If the DAT drive is giving error during backup, then the participant should immediately inform NSDL help-desk and call the hardware vendor. The backup must be taken on the client machine, as an interim arrangement, until the problem is resolved. This can be achieved by using Network Neighbourhood on client or on server. Once the DAT drive problem is fixed, the Participant must first take backup of missing days from clientmachine onto the DAT & must continue the sequence onwards.

Q12. What database and transaction log form a correct set ?

NSDL verifies the backups taken by the Participants at regular intervals to ensure that the Participants follow the correct backup procedure. As a part of backup verification, the procedure described below is followed :

•   Restore the database as of the specified date

•   Restore all the transaction logs generated after that backup, sequentially (in the order of date & time stamp), on the database.

So, while sending backup DATs to NSDL for verification, kindly ensure that the database backup as of date mentioned in NSDL letter and the transaction log backup as of the next day is sent. In case a Participant keeps the server on throughout the night, then it should be ensured that the transaction DAT contains backup of all the system generated transaction log files, generated after the database backup of the date specified in NSDL letter, in addition to next day's transaction log backup. In case the backup is split across two DATs, both the DATs should be sent to NSDL.

The same is explained in the diagram below :

Where t1, t2, ...t9 -> automatic (system generated) transaction log files generated for Day 1 (i.e. on 12/03/98)

T1, T2, ...T8 -> automatic (system generated) transaction log files generated for Day 2 (i.e. on 13/03/98)

TD1 -> transaction log device backup taken on Day 1 (i.e. on 12/03/098)

TD2 -> transaction log device backup taken on Day 2 (i.e. on 13/03/098)

D1 -> Database backup taken on Day 1 (i.e. on 12/03/98)

D2 -> Database backup taken on Day 2 (i.e. on 13/03/98)

It is assumed in the above diagram that on both the days the backup was taken before the EOD and the server was kept on, hence the system generated hourly transaction log files (t8, t9 & T8) after the backup. While taking backup on 13/03/98, it should be ensured to take backup of all files generated after database backup of 12/03/98 (i.e. t8, t9, T1, T2,...T7, TD2)

If NSDL asks for database backup of 12/03/98 and transaction log backup of 13/03/98 for verification, then while sending DATs to NSDL ensure that all the files from D1 to TD2 are sent.

	It may be noted that if the backup is taken after EOD, the files t8, t9, T8 (as shown above) will not be generated at all.
DPM System - Backups	
Circular No. NSDL/PI/2003/0355 Date: March 3,2003	Attention of Participants is invited to our Circular No. NSDL/PI/98/215 dated June 5, 1998 regarding FAQs on backup, whereby Participants were advised to take two copies of backup of database as well as transaction logs, one to be retained locally where DPM is located and the other to be kept in a remote location, distant from the DPM system. This was prescribed so as to meet exigencies arising out of certain calamities viz.; earthquake, fire accident, etc., whereby the DPM system can be made operational using the backup. The remote site backup can be very handy if the main site backup is not accessible/lost/not retrievable. In order to ensure business continuity of the depository operations, Participants are advised as follows: • Keep the backups at a place distant from the place of operations; • Maintain backup of all important documents viz.; Account opening forms, DP-Client agreements, signature cards etc. at a distant place from the place of operations, so that in case of any exigencies, the work is not hampered. Alternatively, Participants may consider keeping all such documents in electronic form at a distant place; and • Keep the backup DATs as well as the aforesaid physical documents in a fireproof cabinet. In case Participants need any assistance in this regard, they may contact NSDL Help Desk.
Circular No. NSDL/PI/99/697 Date: August 31,1999	The importance of taking proper back-ups on every single day as per the procedure prescribed by NSDL has been time and again brought to the notice of the Participants. In order to ensure that the Participants are indeed taking the backup regularly, NSDL calls for the back-up DATs from its Participants from time to time. It has been observed that while many Participants are taking the back-up of their data regularly and in accordance with the procedure, some of them still do not take proper back-ups. It is observed that the major reason for taking improper backups is when the back-up is not taken by the regular person. The Compliance Officers of all Participants are requested to take note of the same and ensure to put adequate systems in place to avoid such occurrences. In the event of a difficulty such as hard disc crash etc., NSDL assists the Participants in recreating its database. It has been decided by the Executive Committee of NSDL that in such an eventuality, in case the previous day's proper back-up is available, then recreation of the DPM system would be done without any charge. However, if the proper back-up is more than a day old, then the Participant may be charged Rs. 1000/- per man hour of NSDL time spent in recreating the database, subject to a minimum of Rs. 2000/-. The charges will be without prejudice to any other action, NSDL may initiate considering the seriousness of the problem.

c. Anti-virus

Circular No.: NSDL/PI/2002/1684 Date: October 3,2002	Participants are aware that they are required to install Anti-Virus software on server as well as on all the client machines of NSDL DPM setup. Also, in order to protect the DPM setup against new viruses, Participants are advised to ensure that latest version of Anti-Virus software is installed on the DPM setup. For this purpose, Participants should upgrade the Anti-Virus software, atleast once a week, for which, Participants may undertake Annual Subscription Contract (ASC) from the authorised dealer of the Anti-Virus software.
	In order to keep Participants informed about the latest version of Anti-Virus software, NSDL has posted this information on NSDL Intranet Server (http://sqlassist), for the below mentioned Anti-Virus softwares, generally used by Participants:
	1. Norton Anti-Virus
	2. McAfee Anti-Virus
	3. CA Innoculate Anti-Virus
	4. Trendmicro Anti-Virus
	5. F-Prot Anti-Virus
	6. Quick-Heal Anti-Virus
	Participants should compare the below mentioned parameters of the Anti-Virus software installed on their DPM setup with that posted on NSDL Intranet server and carryout the upgrade, if required:
	1. Virus Definition files and version
	2. Release date of the Virus definition file
	3. Scan engine name and version
	4. Release date of the scan engine
	Participant can find out the details of Anti-Virus installed and its version by right clicking on the Anti-Virus icon appearing on the task bar and then selecting the option "About".
	Details of aforesaid Anti-Virus softwares as of September 30, 2002 for abovementioned parameters and the URL's from where the latest version of Anti-Virus software can be downloaded are enclosed as Annexure.
	Participants are advised to ensure compliance of the above.
	Anti-Virus definition file & Scan engine Details: -
	Definition of terms used
	Virus Definition Files:
	Virus definition files contain up-to-date virus signatures and other information that anti-virus products use to protect your computer against the thousands of computer viruses in circulation. Virus definition files are regularly updated to provide protection against the hundreds of new viruses that appear each month. To ensure that your Anti-Virus software can protect your system or network against the latest virus threats download and install the latest virus definition file.

Scan Engine:

A virus scan engine is the program that does the actual work of scanning and detecting viruses while signature files are the 'fingerprints' used by the scanning engines to identify viruses. New scan engine versions are released for a number of reasons. About 6 to 8 new viruses are found everyday around the world. The old engine may not detect new types of viruses. New versions of scanning engine usually also enhance scanning performance and detection rates. Some vendors provide updates for both the scanning engine and signature file in a single file while others will provide them in separate files Update scanning engine if newer scanning engine exists.

Details of latest version of Anti-Virus software

Antivirus	Previous update		Latest update	
	Definition File	Scan Engine	Definition File	Scan engine
Norton Antivirus	Ver.9/20/02 rev.7	Ver. 4.1.0.15	Ver.9/27/02 rev.4	Ver. 4.1.0.15
McAfee Antivirus	Ver.4224 20 Sept 02	Ver. 4160 28 Nov 01	Ver.4225 25 Sept 02	Ver. 4160 28 Nov 01
CA Antivirus	InoculateIT 6.0 e Signature Ver 23.57.44 20 Sept 02	InoculateIT 6.0 Vet Engine Signature Ver 10.53.4118 20 Sept 02	InoculateIT 6.0 e Signature Ver 23.57.49 27 Sept 02	InoculateIT 6.0 Vet Engine Signature Ver 10.53.4129 27 Sept 02
Trendmicro Antivirus	Pattern 351 17 Sept 02	Ver. 6.150 27 March 02	Pattern 353 24 Sept 02	Ver. 6.150 27 March 02
F-Prot Antivirus	File- Sign .def 14 Sept 2002 Application/ script Viruses & Trojans	File :-Macro.def 06 Sept 02 Document/Office /Micro/Virus	File- Sign .def 22 Sept 2002 Application/ script Viruses & Trojans	File :-Macro.def 22 Sept 02 Document/ Office/Micro/ Virus
Quick-Heal Antivirus	File-weekly.def 28 Aug 2002	Engine upgrade Definition File 27 April 02	File-weekly.def 07 Sept 2002	Engine upgrade Definition File 25 Sept 02

Details of URL's from where the latest version of Anti-Virus Definition and Scan engine can be downloaded:

Norton Antivirus: http://securityresponse.symantec.com/avcenter/download/pages/US-N95.html

McAfee Antivirus: http://www.mcafeeb2b.com/naicommon/download/dats/find.asp

CA Antivirus: http://support.ca.com/Download/virussig.html

Trendmicro Antivirus: http://www.trendmicro.com/download/

F-Prot Antivirus: http://www.f-prot.com/download/index.html

Quick-Heal Antivirus: http://www.quickheal.com/default.htm

FAQs on Anti-virus	
Circular No. NSDL/PI/2002/1865 Date: October 28,2002	**Frequently asked questions on Anti Virus Update requirements** **Q. What is Anti Virus Update?** A. Anti Virus Update is the process for updating the Virus Definition Files which contain up-to-date Virus signatures and other information that the Anti Virus Software uses to protect computer systems against known computer Virus in circulation. **Q. What is Anti Virus Upgrade?** A. Anti Virus Upgrade is the process for upgrading the ability of the Virus Scan Engines to detect newly introduced Virus. With its inbuilt logic and Virus Definition Files, the Virus Scan Engine scans and detects computer Virus hidden in any known form. However, new Virus may use methods that cannot be detected by old Virus Scan Engines. Hence, Anti Virus Software companies provide upgrades whereby, the ability of the Virus Scan Engines is further refined. **Q. Where can I get information on the latest versions of Virus Definition Files and Virus Scan Engines?** A. Anti Virus Software developers provide this information on their web sites. You are allowed to download the Virus Scan Engine and Virus Definition Files from these web sites. The permission for downloading the Virus Scan Engine depends on the licensing policy of the software vendor.NSDL also provides information on its Intranet, http://sqlassist, about the latest Version of Virus Scan Enginesand Virus Definition Files for the following Anti Virus Products: 1. Norton Anti Virus 2. McAfee Anti Virus 3. CA innoculate Anti Virus 4. Trendmicro Anti Virus 5. F-Prot Anti Virus 6. Quick Heal Anti Virus **Q. What Anti Virus software does NSDL recommended?** A. NSDL does not recommend any specific Anti Virus Software. The Anti Virus Software listed above are some of the popular Anti Virus Softwares in use. **Q. What is the size of Virus Definition Files?** A. Size of Virus Definition Files may vary from 1.6 MB to 3.4 MB, depending on the Anti Virus Software product. However,for the ease of the user, some Anti Virus Software developers provide these files in small manageable chunks, which can be individually copied on floppies and transferred to other computer systems that are not connected to Internet or LAN. **Q. How frequently are the Virus Definition Files and the Virus Scan Engines updated?** A. Virus Definition Files: Most of the Anti Virus Software developers provide updates to Virus Definition Files every week. The updates may be release

overnight if new Virus of serious nature is identified. NSDL recommends the practice of weekly update for all the systems connected in the DPM LAN.

Virus Scan Engines: Most Anti Virus Software Developers provide upgrades to Virus Scan Engines once a month or once in two months. However, the Anti Virus Software developers may release upgrades more frequently if the new type of Virus of serious nature with wide spread is discovered.

Q. Can I connect the DPM system to Internet for the download?

A. NSDL does not allow the DPM system (the Server as well as the clients) to be connected to Internet. You may download the files on a separate system connected to the Internet and then copy the files to the DPM System, for applying the latest Virus Definition Files or Virus Scan Engines.

Q. How do I copy Virus Definition Files that are very large, if the Anti Virus Software Site does not provide manageable smaller-sized files?

A. NSDL recommends the use of floppies or DATs to transfer the downloaded Virus Definition Files from the Internet-connected system to the DPM System. However, if it is not possible to copy the downloaded files into floppies or DATs, you may disconnect the computer (on which you have downloaded latest updates) from your office LAN and temporarily connect the same to the DPM LAN. You may then copy the Virus Definition Files to the DPM system. Please ensure that the said computer is disconnected from your DPM LAN as soon as you have copied the latest Virus Definition Files.

Q. What is the requirement of NSDL for Anti Virus Software upgrade and Virus Definition Files update?

A. Virus Definition Files should be updated every week. Virus Scan Engines should be upgraded as soon as the new Virus Scan Engine is released. Information pertaining to the latest version can be accessed at http://sqlassist.

Q. Will we be treated as defaulters, if we do not have the latest version of Virus Scan Engine or Virus Definition Files?

A. NSDL inspection team will check the version of the Virus Scan Engine or Virus Definition Files at periodic intervals. In case, you do not have the latest version of Virus Scan Engine or Virus Definition Files, you will be treated as a defaulter. Further, a penalty may be levied for not upgrading the Anti Virus Software on server and/or client machine as per the provisions in Chapter 18 of the Business Rules of NSDL.

Q. Does NSDL provide the latest Virus Definition Files or Virus Scan Engines to its Business Partners?

A. No. NSDL does not provide Anti Virus Software to Business Partners. However, NSDL provides information of prevailing latest versions.

Q. Is Annual Subscription Contract (ASC) a must for the users of Anti Virus Software?

A. ASC gives you the right to the latest versions of Virus Definition Files and Virus Scan Engines. Many Anti Virus Software Developers may provide

	Virus Definition Files free of cost to the users. In case of Virus Scan Engines, some of the vendors require the ASC to be signed in order to have legal access to the upgrades.
	Q. **What should we do if the Internet gets disconnected multiple times while downloading the files?**
	A. This is where the ASC arrangement may help you. You may approach the local channel partner with whom you have signed the ASC, for the latest Virus Definition Files and Virus Scan Engines.

d. Capacity Planning

Disablement of User IDs that are not complying to System Security Policy	
Circular No. NSDL/POLICY/ 2008/0029 Date: April 26, 2008	*Sub: Disablement of User IDs that are not complying to System Security Policy*
	Attention of Depository Participants (DPs) is invited to NSDL Circular No. NSDL/ POLICY/2008/0007 dated February 5, 2008 regarding Version 8.0 of DPM system. In the Version 8.0, System Security Policy was enhanced to enforce segregation of duty i.e. maker and checker functions cannot be assigned to the same user. Further, vide circular no. NSDL/POLICY/2008/0021 dated April 4, 2008 regarding Version 8.2, DPs were also informed that User IDs not adhering to the aforesaid system security policy would be disabled by May 1, 2008.
	During these version releases, NSDL has taken care that existing User IDs and functional rights assigned to these User IDs based on segregation of duty are not modified or disabled in the DPM system so that:
	1. DPs may continue with their operations after the DPM system upgrade
	2. DPs may develop and implement appropriate policies for their internal operations
	3. DPs may configure the system security as per their needs while maintaining existing User IDs with minimum impact on the existing operations.
	DPs may use the report-containing list of Invalid User IDs that do not comply with the Security Policy or hold both Maker & Checker rights to take corrective action by April 30, 2008.
	DPs may note that after May 1, 2008, all the User IDs not adhering to the system security policy would be disabled in the DPM system.
DPM Systems - Capacity planning and operational guidelines for performance optimization	
Circular No. NSDL/PI/99/065 Date :January 29,1999	All Participants are advised to follow and strictly adhere to the operating guidelines to ensure proper functioning of DPM Application Software and smooth conduct of their business operations.
	Operational Guidelines for the NSDL DPM system
	NSDL has carried out a Benchmark with Single Processor and Dual Processor. It was observed that performance of the system is best with up to 8 on-line users under single CPU configuration of 266 MHz and 128MB RAM. By adding one more processor, the system should be able to support up to 15 on-line users, provided the guidelines below are adhered to.

Single Processor

8 Online Users are allowed with single processor. General guidelines, if adhered will provide better response to the on line users of the system.

Dual Processor

15 Online Users are allowed with Dual Processor. General guidelines, if adhered will provide better response to the on line users of the system. In order to recognize dual processor, the Depository Participant is required to re-install Window's NT. The DP has to give prior intimation to NSDL regarding the upgrade. In addition, SQL must be tuned to make proper use of Dual processor.

General Guidelines

1. **Back-office batch interface (Exports & Imports) :**
   - These should be run preferably after the end of day (EOD), when the interface & communication services are switched off and all users are logged off.
   - While taking exports no print reports should be taken & vice-versa.
   - The time taken for export will be much faster if done daily, as compared to taken over a long period of time. It is preferable not to take back-dated exports as far as possible.
   - All import files be kept on the server instead of on the client machine as the NT file system is different from Windows 95 file system.
   - The DPs should have 128 MB RAM.
   - While importing transactions, on-line data entry should not be carried out.
   - Carry out regular Hard Disk housekeeping (NSDL Circular No : NSDL/ PI/98/372 dated August 13, 1998) and keep sufficient space on the primary drive (C drive) where the software is installed.

2. **Statement of Holdings/Transactions Reports:**
   - For viewing details of a single client, use the *"Client Maintenance->Statement of Holdings/Transactions"* option instead of the report option. The response will be much faster.
   - Schedule printing to periods with low on-line activity
   - Avoid printing when an export is in progress
   - Provide a specific range of clients and dates instead of open-ended ranges
   - Avoid doing a print or print-preview if anyone else is already doing so i.e., print preview or print should be carried out only from one of the machine.
   - Preferably, allow print or print-preview only from a restricted set of machines

3. **On-line transactions and queries**

   Always provide specific values for client-ids, ISINs, settlement dates, instruction ids., etc. to enable fast processing. Avoid open-ended ranges. Avoid queries on "Status" field for Account Transfer.

DPM Capacity Enhancement - server configuration	
Circular No. NSDL/ NSDL/POLICY/ 2008/0044 Date: June 16, 2008	*Sub: DPM Capacity Enhancement - server configuration* NSDL had revised the sizing guidelines aligning it with present technology and computer processing power available after taking into consideration various factors critical for the Participants' operations such as number of client accounts, clearing member accounts, transactions per day and client machines connected to the Server vide our circular NSDL/POLICY/2006/0011 dated March 24, 2006. Subsequently, memory related sizing guidelines for DPM system with Windows 2003 Server OS were informed vide our circular NSDL/POLICY/ 2008/0033 dated May 20, 2008. As per current sizing guidelines, Depository Participants (DPs) are required to install a new DPM server when they reach the maximum number i.e. 5 lac Client Accounts in a single set-up. Some DPs have represented to NSDL seeking permission to accommodate more than 5 lac Client Accounts in the same DPM system. In this regard, to facilitate DPs to have more than 5 lac Client Accounts in the same DPM system NSDL has revised the sizing guidelines as given below:

<table>
<tr><td>S. No</td><td>Server Type</td><td>CPU*</td><td>RAM (MB)</td><td>Number of Client Machines</td><td>Number of Client Account</td><td>Number of CM Account</td><td>No. of Transactions/ day</td><td>Peak no. of transactions in 1 Hour</td></tr>
<tr><td>1</td><td>Desktop as Server</td><td>Single</td><td>512</td><td>3</td><td>75,000</td><td>50</td><td>15,000</td><td>3,000</td></tr>
<tr><td>2</td><td>Entry Level Server (without Hardware RAID)</td><td>Single</td><td>512</td><td>3</td><td>75,000</td><td>50</td><td>15,000</td><td>3,000</td></tr>
<tr><td>3</td><td>Entry level server (with Hardware RAID)</td><td>Single</td><td>512</td><td>5</td><td>1,00,000</td><td>50</td><td>22,500</td><td>4,500</td></tr>
<tr><td>4</td><td>High End Server</td><td>Single</td><td>1024</td><td>15</td><td>1,50,000</td><td>200</td><td>40,000</td><td>8,000</td></tr>
<tr><td>5</td><td>High End Server</td><td>Dual</td><td>2048</td><td>25</td><td>5,00,000</td><td>1000</td><td>1,00,000</td><td>20,000</td></tr>
<tr><td>6</td><td>High End Server</td><td>Four</td><td>2048</td><td>25</td><td>7,50,000</td><td>1000</td><td>1,25,000</td><td>25,000</td></tr>
</table>

* CPU (P-IV 3.0 GHz or above)

DPs are advised to regularly monitor the performance of the DPM system and on reaching near the volume limits should initiate necessary upgradation process. DPs are once again informed that any system upgradation (installation) should be carried out in consultation with the NSDL Help Desk. On completion of the upgrade, DPs are requested to submit the revised Form-B to NSDL.

Circular No. NSDL/ POLICY/2006/0011 Date : March 24, 2006	*Sub : DPM Capacity Enhancement - server configuration* NSDL has revised the sizing guidelines accommodating present technology and computer processing power available after taking into consideration various factors critical for the Participants' operations such as number of client accounts, clearing member accounts, transactions per day and client machines connected to the Server.

Participants are free to choose the brand of the servers / desktop, provided it is Microsoft certified and adheres to the configuration guidelines given by NSDL. To find out if the server / desktop that you intend to choose, is Microsoft certified, you may visit **"http://www.microsoft.com/whdc/hcl/search.mspx"** website.

Participants are advised to regularly monitor the performance of the DPM system and on reaching near the volume limits prescribed in the annexure, initiate necessary upgradation process. Participants are once again informed that any system upgradation (installation) should be carried out in consultation with the NSDL Help Desk. On completion of the upgrade, Participants are requested to submit the revised Form-B to NSDL.

Annexure

Recommended Server Configuration

The recommended server configuration is dependent on the volume of business of the Participant.

CPU (P-IV 3.0 GHz or above)

Server Type	CPU	RAM (MB)	Number of Client Machines	Number of Client Accounts	Number of CM Accounts	Number of Transaction / day*
Desktop as Server	Single	512	3	75000	50	15000
Entry Level Server (without Hardware RAID)	Single	512	3	75000	50	15000
Entry level server (with Hardware RAID)	Single	512	5	100000	50	22500
High End Server	Single	1024	15	150000	200	40000
High End Server	Dual	2048	25	500000	1000	100000

*Note : Number of transaction submitted should not be more than 20% of total transactions per day in an hour or 50% of total transactions per day in 3 hours.

 # If the volume exceeds any of the above limits then it is recommended that an additional Windows 2000 Server be installed for the excess volume.

Recommended configuration for replacement of the DPM Server for the above-mentioned categories is as follows:

Description	Hardware	Software
High End Server	Dual CPU Intel PIV / Xeon, with CPU Speed of 3.0 GHz or higher	MS Windows 2000 Server (License to be procured by the participants)

	Description	Hardware	Software
		Minimum 1 GB RAM	Anti-Virus Software for MS Windows 2000 Server (License to be procured by Participants)
		2MB L2 Cache	DPM Application Software (Provided by NSDL)
		PCI architecture with min. 5 I/O slots	MS SQL 2000 Server Licence (to be procured by the Participants)
		14" Colour monitor / Keyboard/ Mouse	WinZip (licensed)/ Zipit Fast software ##
		Ethernet Card	Server Management software *
		PCI based SCSI RAID Controller to support RAID-1 to RAID-5 implementation of SCSI Hard Disks (RAID Controller)	
		1 parallel port , 4 USB ports & 2 fast serial ports#	
		4mm, 20/40 GB Digital Audio Tape (DAT) drive (HP/Exabyte/Sony) operating with 90m, 120m & 150m DAT cartridges and interfacing with SCSI Controller (Used for Back-up purpose)	
		CD ROM drive(min 52x) to interface with SCSI or IDE Controller	
		Operating System Harddisk : 1x146 GB Non Hot Swap/ Hot Swap SCSI HDD or 80 GB IDE/ SATA HDD for Bootable Partition & interface to the Standard SCSI/IDE/ SATA Controller (Generally, On-board Controller)Note: RAID implementation for operating system is optional.	
		Database Harddisk : 2x146 GB Non Hot Swap/ Hot Swap SCSI HDDs for RAID-1 or 3x146 GB Non Hot swap SCSI HDDs for RAID-5 implementation & interface to the above RAID controller.	

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Description	Hardware	Software
Entry Level Server (with Hardware RAID)	Single CPU , Intel PIV/ Xeon, with CPU Speed of 3.0 GHz or higher	MS Windows 2000 Server (License to be procured by the participants)
	Minimum 1 GB RAM	Anti-Virus Software for MS Windows 2000 Server (License to be procured by Participants)
	256/512KB/1MB/2 MB L2 Cache	DPM Application Software (Provided by NSDL)
	PCI architecture with min. 5 I/O slots	MS SQL 2000 Server Licence (to be procured by the Participants)
	14" Colour monitor / Keyboard/ Mouse	WinZip (licensed)/ Zipit Fast software ##
	Ethernet Card	Server Management software *
	PCI based SCSI RAID Controller to support RAID-1 to RAID-5 implementation of SCSI Hard Disks (RAID Controller)	
	1 parallel port , 3 USB ports & 2 fast serial ports #	
	4mm, 20/40 GB Digital Audio Tape (DAT) drive (HP/Exabyte/ Sony) operating with 90m, 120m & 150m DAT cartridges and interfacing with SCSI Controller (Used for Back-up purpose)	
	CD ROM drive(min 52x) to interface with SCSI or IDE Controller	
	Operating System Harddisk : 1x146 GB Non Hot Swap/ Hot Swap SCSI HDD 0r 80 GB IDE / SATA HDD for Bootable Partition & interface to the Standard SCSI/ IDE/SATA Controller (Generally, On-board Controller) Note: RAID implementation for operating system is optional.	
	Database Harddisk : 2x146 GB Non Hot Swap/ Hot Swap SCSI	

Description	Hardware	Software
	HDDs for RAID-1 implementation & interface to the above RAID controller.	
Entry Level Server (without Hardware RAID) for Low End DP/SR	Intel PIV with 3.0 GHz or Higher CPU	MS Windows 2000 Server (License to be procured by the participants)
	Minimum 512 MB DDR RAM	Anti-Virus Software for MS Windows 2000 Server (License to be procured by Participants)
	256/512KB/1MB/2 MB L2 Cache	DPM Application Software (Provided by NSDL)
	PCI Architecture with min 3 I/O Slots	MS SQL 2000 Server Licence (to be procured by the Participants)
	2*146 GB (SCSI) or 2*80 GB (IDE/ SATA) Hard Disk Drive to be installed in RAID 1 with Software RAID.	WinZip (licensed)/ Zipit Fast software ##
	14" Colour monitor / Keyboard/ Mouse	Server Management software *
	Ethernet Card	
	CD ROM drive(min 52x) to interface with SCSI or IDE Controller	
	Internal SCSI card to support DAT drive	
	20/40 GB Internal / External DAT Drive (from the existing SERVER) or	
	750 MB Zip Drive . DVD Writer option may also be considered. (Devices used for back-up purpose).	
	1 parallel port , 3 USB ports & 2 fast serial ports #	
Desktop as Server for Low End DP/SR	Intel PIV/ Celeron with 3.0 GHz or Higher CPU	MS Windows 2000 Server (License to be procured by the participants)

Description	Hardware	Software
	Minimum 512 MB System RAM	Anti-Virus Software for MS Windows 2000 Server (License to be procured by Participants)
	Minimum 128 KB Cache (Celeron CPU), 512KB Cache (PIV CPU)	DPM Application Software (Provided by NSDL)
	PCI Architecture with min 3 I/O Slots	MS SQL 2000 Server Licence (to be procured by the Participants)
	2*146 GB (SCSI) or 2*80 GB (IDE/ SATA) Hard Disk Drive to be installed in RAID 1 with Software RAID	WinZip (licensed)/ Zipit Fast software ##
	14" Colour monitor / Keyboard/ Mouse	Server Management software *
	Ethernet Card	
	CD ROM drive(min 52x) to interface with SCSI or IDE Controller	
	DVD Writer or 750 MB Zip Drive (Devices used for Back-up purpose)	
	1 parallel port , 4 USB ports & 2 fast serial ports #	

The Number of USB ports required would depend on the devices that are required to be connected to the server / client

The software Winzip (licensed copy) / Zipit Fast software is required to be installed on Windows 2000 Server and on the Client PCs of NSDL setup configured for email communication with NSDL using the Outlook Express since the contents of the mails sent to the Participants are in zipped (compressed) format.

* Server Management Software is supplied along with the MNC brand servers. For National Brand Servers, Participants are required to consult their server vendors. Participants using the "Desktop as Server" are also required to consult their vendor about the tools for monitoring the hardware health of the equipment. It is mandatory for all participant to install "Server Management Software" . Participants may consult NSDL if specific brand of server / Desktop as server does not have their own Server Management Software.

DPM System - Recommended hardware configuration

Circular No. NSDL/PI/2002/1911 Date : November 6, 2002	Participants may be aware that NSDL has permitted the use of IBM, Compaq, HP, Digital, Acer and DELL make desktop computers with Microsoft Windows 98 and Windows 2000 - Professional Operating System (OS) for DPM Client workstations.

	Participants are hereby informed the aforesaid list is now expanded to include Wipro, HCL, PCS and CMS make desktop computers, which are compatible with Microsoft Windows 98 and/or Windows 2000 - Professional OS. Participants are requested to confirm the compatibility of specific models of these makes with Microsoft OS by visiting Microsoft web site http://microsoft.com/hwdq/hcl/search.asp prior to procuring the hardware.

Further, the minimum configuration of the desktop computers installed as a part of the DPM setup, should be as under:

- CPU - Intel Pentium (P II/P III/P IV/Celeron) 333 MHz. Or higher with 128KB L2 cache
- Memory - 64 MB RAM
- HDD - 20GB HDD
- NIC (Network Interface Card) - 10 MB Ethernet card

**Circular No. NSDL/PI/2000/705
Date : May 12, 2000**

Further to our Circular No. NSDL/PI/2000/032 dated January 12, 2000, as a part of NSDL's continuous evaluation and fine tuning of the performance of the DPM system, the recommendations about the configuration of the DPM Server to be used by the Participants for their depository operations for different client / CM accounts and transactions have been revised. Owing to some improvements achieved in the recent past, the revised figures for different configuration are given in the enclosed Annexure. These recommendations are arrived at after taking into consideration various factors viz; no. of client accounts, no. of CM accounts, no. of transactions per day, no. of client machines connected to the Server, etc.

Participants are advised to regularly monitor the performance of the DPM system. In case the volumes are nearing the limits prescribed in the Annexure, then the Participants should take steps to plan and implement the upgradation of system well before such limits are reached. Participants are once again informed that any system upgradation (installation) should be carried out in consultation with the NSDL Help Desk.

Sr. No	CPU	RAM (MB) Accounts	No. of Client Accounts	No. of CM	No. of Transac- tions per day	No. of Win 95 Client Machines
1	Single	64	30,000	100	6,000	Upto 4
2	Single	128	50,000	200	10,000	5 - 8
3	Dual	256	1,00,000	400	20,000	9 - 12
#4	Dual	512	2,50,000	600	40,000	13 - 16

 # If the volume exceeds any of the above limits then it is recommended that an additional NT Server be installed for the excess volume.

The following "pre-requisites" are necessary for achieving normal performance:

1. New account opening/account modification is limited to 1,500 per day for server with 256-512 MB memory and 500 per day for server with 64-128 MB memory.
2. For configuration of Dual CPU and 512 MB RAM, Participant must be having leased line connectivity with NSDL (minimum 64 KBPS)
3. In case of Single CPU Servers, minimum speed required is 200 MHz.

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	4. In case of Dual CPU Servers, minimum speed required is 400 MHz with high-end disks and multiple disk controllers.
	5. It is assumed that on an average client has positions in 8 ISINs.
	6. It is assumed that on an average Clearing Member settles 50 ISINs per settlement.
	7. Maximum account transfers are limited to 20,000 per day.
	8. Routine Housekeeping , Reorg and Archival has to be performed.
	9. Operational guidelines notified by NSDL must be abided by the Participant.
	10. Sufficient hard disk capacity should be available on the NTServer (Refer operational guidelines).
	11. Participant must abide by the Archival policy as may be notified by NSDL from time to time.
Circular No. NSDL/PI/2000/032 Date: January 12,2000	As a part of NSDL's continuous evaluation and fine tuning of the performance of the DPM system, the recommendations about the configuration of the DPM Server to be used by the Participants for their depository operations for different client / CM accounts and transactions have been laid down and revised from time to time. Owing to some improvements achieved in the recent past, the revised figures for different configuration are given in the enclosed Annexure. These recommendations are arrived at after taking into consideration various factors viz; no. of client accounts, no. of CM accounts, no. of transactions per day, no. of client machines connected to the Server, etc. Participants are advised to regularly monitor the performance of the DPM system. In case the volumes are nearing the limits prescribed in the Annexure, then the Participants should take steps to plan and implement the upgradation of system well before such limits are reached. Participants are once again informed that any system upgradation (installation) should be carried out in consultation with the NSDL Help Desk. **Recommended Hardware Configuration** The recommended configuration is dependent on the volume of business of the Participant.

Sr. No	CPU	RAM	No. of Client Accounts	No. of CM Accounts	No. of Transactions per Day
1	Single	64 MB	30,000	100	6,000
2	Dual	256 MB	60,000	200	12,000
# 3	Dual	512 MB	1,50,000	500	20,000

 # If the volume exceeds any of the above limits then it is recommended that an additional NT Server be installed for the excess volume.

Following "prerequisites" are assumed for achieving normal performance:

- Business Partner confirms to the operational usage guidelines circulated by NSDL.
- Sufficient hard disk capacity is available on the NT Server (Refer operational guidelines).
- Routine housekeeping and Reorg is performed.

	• If Memory is 64 MB then Number of Win 95 client machines is assumed to be less than five.
	• If the number of Win 95 client machine exceeds five then the minimum memory required is 128 MB or more (Depending on number of additional clients).
	• Single CPU machines speed should be minimum 200 MHz or more.
	• Dual CPU machines speed should be minimum 400 MHz or more and have high-end disks with multiple disk controllers.
	• On an average client has positions in 8 securities.
	• On an average CM settles 50 ISINs per settlement.
	New account opening/account modification is limited to 1,000 per day for server with 512 MB memory and 500 per day for server with 64-256 MB memory.

Low End DPM System - Recommended hardware configuration

Circular No. NSDL/PI/2003/0295 Date : February 21, 2003	NSDL has been exploring the possibility of DPM operations being conducted on Desktop class hardware for Participants having low level of activity. Based on the analysis, if Participants have the following level of activity, it can be permitted to operate on low-end Desktop class hardware with Windows 2000 server OS instead of Server class hardware:
	Max. number of client accounts without CM accounts - 7500
	Max. number of Transactions per day - 2000
	Database size not exceeding - 600 MB
	Maximum number of work-stations - 3
	Participants who wish to opt for Desktop class hardware must ensure that the minimum configuration of the same should be as under:
	• Intel PIV with 500 MHz. or higher CPU
	• 512 MB System RAM
	• 2 * 20 GB (7200 RPM) IDE HDD to be installed in RAID I configuration using software RAID
	• PCI Ethernet Card
	• Internal SCSI card to support DAT drive
	• 12 / 24 GB Internal / External DAT Drive (from the existing Server) OR 700 MB Zip drive
	Participants will have to upgrade their Desktop class hardware to server class hardware if the level of activities go beyond the aforesaid limits. In case Participants wish to replace their existing Server class hardware with Desktop class hardware, they may contact NSDL help desk.

DPM Systems - Recommended hardware configuration after implementing archival system

Circular No. NSDL/PI/2000/2171 Date : November 28, 2000	All Participants are hereby informed that NSDL has enhanced the capacity of DPM system to service more number of client accounts. The capacity enhancement to service 3.5 lakh client accounts from the earlier limit of 2.5 lakh accounts is possible only after implementing an archival system and archiving of more than 3 months old "Closed, Settled" instructions and closed accounts information.
	Details of the DPM server hardware configuration and the number of accounts it can service is enclosed herewith as Annexure - I.

Sr. No	CPU	RAM (MB)	No. of Client Accounts	No. of CM Accounts	No. of Transac-tions per day	No. of Win 95 Client Machines
1	Single	64	30,000	100	6,000	Upto 4
2	Single	128	75,000	200	10,000	5 - 8
3	Dual	256	1,50,000	400	22,500	9 - 12
#4	Dual	512	3,50,000	1000	50,000	13 - 16

 # If the volume exceeds any of the above limits then it is recommended that an additional NT Server be installed for the excess volume.

Following "prerequisites" are assumed for achieving normal performance:

1. Participant conforms to the operational usage guidelines circulated by NSDL.

2. Batch reports (statement of holding and statement of transactions) must not be carried out during the day.

3. Sufficient hard disk capacity is available on the NT Server (refer operational guidelines).

4. Routine Housekeeping, Re-org and Archival are performed.

5. Single/Dual CPU speed should be minimum 400 MHz. In addition, Dual CPU machines must have high-end disks with multiple disk controllers.

6. On an average client has positions in 8 securities.

7. On an average CM settles 50 ISINs per settlement.

8. New account opening/account modification is limited to 1,500 per day for server with 256-512 MB memory and 500 per day for server with 64-128 MB memory.

9. Maximum account transfer instructions are limited to 20,000 per day.

10. For configuration of Dual CPU and 512 MB RAM, Participant must be on leased line (minimum 64 KBPS)

Participant must Archive more than 3 months old "Closed, Settled" transactions and closed accounts information in order to scale up to 3,50,000 client accounts.

Upgradation of DPM Server operating system (OS) software from Windows 2000 server OS to Windows 2003 Server OS

Circular No. NSDL/POLICY/ 2008/0033 Date : May 20, 2008	*Sub : Upgradation of DPM Server operating system (OS) software from Windows 2000 server OS to Windows 2003 Server OS* At present, NSDL's DPM Server software works on Microsoft's Windows 2000 Server OS. Windows 2000 Server OS was launched in 2000-2001. Subsequently, Microsoft has withdrawn support for the same sometime in 2004-2005. NSDL had informed Depository Participants (DPs) regarding upgradation of DPM Server software to higher version of OS i.e.Windows 2003 server OS during the DP Conferences held in October 2007 and April 2008. The DPM software version 8.2 is qualified to work with Windows 2003 Server OS - Standard Edition (Service Pack 1). DPs may note that Microsoft provides a free upgrade to next version if the license is covered under Software Assurance Program. However, if the license is not covered under this provision, DP is required to procure the Windows

2003 Server OS - Standard Edition (Service Pack 1) license as per the present norms of Microsoft.

It is understood that Microsoft policy allows the use of Windows 2000 Server OS, if you have Windows 2003 Server OS license. DPs are required to re-confirm with their vendors. This is required till NSDL migrates the DPM setup of the DPs from Windows 2000 Server to Windows 2003 Server OS. NSDL plans to migrate all DPM setups to Windows 2003 Server OS by end of August 2008.

Microsoft has indicated that minimum memory requirement for Windows 2003 Server OS is 512 MB and minimum processor speed required is 1 GHz. Accordingly, memory related sizing guidelines for DPM system with Windows 2003 Server OS is as follows:

Server Type	CPU	RAM (MB)	Number of Client Machines	Number of Client Accounts	Number of CM Accounts	Number of Transa-ction / day
Desktop as Server	Single	512	3	75,000	50	15,000
Entry Level Server (without Hardware RAID)	Single	512	3	75,000	50	15,000
Entry level server (with Hardware RAID)	Single	512	5	1,00,000	50	22,500
High End Server	Single	1024	15	1,50,000	200	40,000
High End Server	Dual	2048	25	5,00,000	1,000	1,00,000

DPs are required to ensure that their DPM system meets above stated requirements by June 2008. DPs must file revised Form B with NSDL for the upgrade carried out.

NSDL will not qualify future software releases after August 2008 on Windows 2000 Server OS and hence does not guarantee the working of the DPM software on the same thereafter.

Migration activity will involve formatting of the C Drive & installation of Windows 2003 Standard Server OS software. Those DPs who have already procured the Windows 2003 Server OS licenses and have their DPM system meeting the required specifications may contact the Helpdesk of NSDL for scheduling the upgrade. The upgrade to Windows 2003 Server OS must be done only in consultation with Helpdesk.

The detailed upgrade procedure & schedule will be intimated by NSDL Helpdesk shortly.

Change in Operating System for DPM Server to Windows 2000 and changes in Server Configurations	
Circular No. NSDL/PI/2002/2068 Date : December 2, 2002	Participants were advised, vide our Circulars No. NSDL/PI/2001/ 1179 and NSDL/PI/2002/1174 dated July 30, 2001 and July 18, 2002 respectively, to acquire Windows 2000 server Operating System (OS) and to upgrade the server hardware in accordance with the configuration specifications provided therein, to suit their volume of operations.

All Participants are hereby informed that NSDL's DPM Application Software is now qualified to work with Windows 2000 server OS. For upgrading the DPM System to Windows 2000 server OS, Participants are hereby advised to comply with the following:

(1) Upgradation to Windows 2000 server OS should be undertaken for all servers, viz; main DPM server, onsite backup server, off-site backup server (if installed) and the server for housing Archival database (if a separate server is in use) within a span of two weeks.

	(2) The hardware configuration for all servers for which upgradation is being undertaken, are in line with configuration guideline provided in aforesaid circulars. (3) Main DPM server must feature a separate Hard Disk Drive (HDD) for OS. HDD for OS need not have RAID implementation. For OS, it is not a must to use HDD featuring SCSI (Small Computer System Interface). Participants may use HDD featuring IDE (Integrated Drive Electronics) interface if supported by the server model in/to be use/used. The re-loading of current Windows NT OS onto a separate disk should be undertaken only after obtaining clearance from NSDL Help Desk. Participants should note that version 3.4 of the DPM Application Software will be the last version supported on Windows NT OS. All subsequent releases of DPM Application Software will be qualified to work only with Windows 2000 server OS, till further notice. Participants who choose to continue working with Windows NT OS in the interim, must install Service Pack 6A. In case Participants require any further clarifications in this regard, they can contact on (022) 2497 5208. Further, all upgradation of hardware / Windows 2000 server OS must be intimated to NSDL through revised form-B. NSDL Help Desk will provide technical guidance and schedule migration to Windows 2000 server OS. The migration to Windows 2000 server OS, viz; main DPM server, onsite backup server, off-site backup server (if installed) and the server for housing Archival database (if a separate server is in use), should be done only after technical clearance from NSDL Help Desk.
Circular No. NSDL/PI/2002/1174 Date: July 18, 2002	Further to our Circular No. NSDL/PI/2001/1179 dated July 30, 2001 regarding upgrading the Operating System (OS) of the DPM server to Windows 2000 server OS, all Participants are hereby informed that NSDL will complete qualification of current DPM Application Software to work with Windows 2000 server OS by end of August 2002. Participants may also note that version 3.4 of the DPM Application Software will be the last version supported on Windows NT 4.0 OS. Participants who are yet to procure Windows 2000 server OS may note that Microsoft has extended Version Upgrade scheme (VUP) till July 2002, which offers concession in upgrade price. Participants may therefore acquire the Windows 2000 server OS before the close of the VUP, else Participants will have to procure Windows 2000 server OS at the full prevailing price. Further, Participants are advised to note that Service Pack (SP) 6A patch is required to be applied to the Windows NT 4.0 OS. SP 6A is being sent to Participants alongwith the DPM Application Software Version 3.2 (integrated) CD, which should be applied immediately. Attention of Participants is invited to our aforesaid circular regarding the requirement of minimum hardware configuration of DPM for Windows 2000 server OS. Participants whose DPM server does not meet the configuration requirements of Windows 2000 server OS are advised to upgrade their hardware of DPM server at the earliest, as sourcing of the same for old models of hardware may be difficult at a later date. Attention of Participants is also invited to our Circular No. NSDL/PI/2001/ 1695 dated November 6, 2001, advising Participants to have separate hard disk on the DPM server, i.e. non-RAID disk for DPM server OS and RAID disk for DPM Database. Participants are advised to ensure the same while upgrading the DPM server.

	Further, all upgradation of hardware / Windows 2000 server OS should be undertaken after submission of revised form-B to NSDL and obtaining a detailed technical guidance and clearance from NSDL Help Desk.
Circular No. NSDL/PI/2001/1695 Date : November 6, 2001	In continuation of our Circular No. NSDL/PI/2001/1179 dated July 30, 2001 regarding hardware requirement for upgrading the Operating System (OS) of DPM Server to Windows 2000, all Participants are requested to note that current DPM Server processing speed is suitable for upgrading to Windows 2000 OS. However, the memory of the server need to be upgraded as per the guidelines of the aforesaid circular. Participants planning to upgrade the server processing speed or replace the existing server, may note that the minimum CPU speed shall be 800 mhz as mentioned in the aforesaid circular. Also, please adhere to the memory and hard disk guidelines as mentioned in the aforesaid circular. It may also be noted that as per the new guidelines, the server need not be multiple CPU upgradable (Dual or Four CPU). You may choose to procure non upgradable single CPU server, so long as your operations are within the sizing guidelines stipulated by NSDL for single CPU server. It is also not mandatory to install Hotswap bays for hard disks, but does need a separate hard disk (not configured in RAID) for the OS installation.
Circular No. NSDL/PI/2001/1179 Date : July 30, 2001	All Participants are aware that NSDL's DPM Server software works on Microsoft's Windows NT version 4.0 Operating System (OS). Microsoft's standard practice is to support product for a period of five years from the time it is launched. As Windows NT was launched in 1997-1998, Microsoft may withdraw support for the same sometime in 2002-2003. NSDL is therefore planning to upgrade its DPM system to work with Windows 2000 Server OS sometime in 2002. Microsoft has informed to NSDL that they have revised their pricing policy with effect from October 1, 2001. As per the revised price structure, Microsoft will abolish its existing pricing policy of charging 50% of the full price of the software for upgrades and the users will have to pay the full price of the software, even for version upgrade (VU). Participants are advised to take a note of Microsoft's pricing policy and may consider availing upgrade to Windows 2000 Server OS before October 1, 2001 after making an arrangement to continue to use current Windows NT 4.0 OS, till NSDL upgrades its DPM system to work with Windows 2000 Server OS. Microsoft has indicated that minimum memory requirement for Windows 2000 Server OS is 256MB and minimum processor speed required is 133MHz. Accordingly, memory related sizing guideline for DPM system under Windows 2000 Server OS stands revised as follows:

CPU	RAM (MB)	Number of Client Machines	Number of Client Accounts	Number of CM Accounts	Number of Transactions/ day
Single	256	4	30000	100	6000
Single	512	8	75000	200	10000
Dual	512	12	150000	400	22500
Dual	1024	16	350000	1000	50000

• As the upgradation of the server may be difficult later, Participants may consider undertaking the required upgradation now and submit a revised FORM-B immediately after the DPM Server is upgraded.

- In case the upgradation of your DPM Server is not possible, then the present DPM sever will have to be replaced before migrating to Windows 2000 Server OS. NSDL will give atleast 3 months advance notice for migration to Windows 2000 Server OS. Recommended minimum configuration for replacement of the DPM Server is as follows;

- Intel PIII / Xeon with CPU speed of 800 Mhz or higher single **OR** 700 MHz or higher respectively with 256KB L2 Cache **(No. of processors should atleast be same as the present server.)**

- Minimum 256MB, 60 nano sec ECC RAM or SDRAM on 1 SIMM/DIMM. **Please refer to abovementioned sizing guideline table for memory configuration.**

- PCI architecture with min.5 I/O slots

- PCI Based VGA Controller With Minimum 1 MB VRAM OR AGP Based VGA Controller With Minimum 2 MB VRAM

- 14" SVGA Colour monitor

- PCI based Ethernet Card

- PCI based SCSI RAID Controller to support RAID-1 to RAID-5 implementation of SCSI Hard Disks **(RAID Controller)**

- 1 parallel port & 2 fast serial ports.

- 4mm, 20/40 GB Digital Audio Tape (DAT) drive (HP/Exabyte/Sony) operating with 90m, 120m & 150m DAT cartridges and interfacing with SCSI Controller

- CD ROM drive(min 12x) to interface with SCSI or IDE Controller

- 1x18 GB Non Hot Swap SCSI HDD for Bootable Partition & interface to the Standard SCSI **(Generally on-board SCSI Controller)**

- 2x18 GB Non-Hot Swap SCSI HDDs for RAID-1 or 3x18 GB Non-Hot swap SCSI HDDs for RAID-5 implementation & interface to the above RAID controller. **(New system must feature same usable disk capacity for database partition and OS partition after RAID implementation.)**

- 104 Keys Keyboard

- PS/2 Mouse

Further, as per the proposed pricing policy of Microsoft, after upgrading to Windows 2000 Server OS, Participants can avail patches, updates and upgrades for a period of 2 years through Software Assurance (SA) program upon upfront payment of around 58 % of the product price. As per revised pricing policy proposed by Microsoft, SA will be renewable on an annual basis after initial period of 2 years as per the then prevailing rate. In case Participants do not subscribe to SA then upgrade can be availed only at full (100%) price of the product then. In view of this, Participants need to make their own decision about subscribing to SA.

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14. Renewal of Registration

Section 2 (1) (g)	Participant means a person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
Regulation 21	The certificate of registration issued under regulation 20, or renewed under regulation 22 shall be valid for a period of five years from the date of its issue or renewal, as the case may be.
Regulation 22(1)	Three months before the expiry of the period of validity of a certificate of registration, the participant shall, if it so desires, make an application for renewal in Form E through the depository in which it is a participant.
Regulation 22 (2)	The application for renewal under sub-regulation (1) shall accompany the fee specified for issue of certificate of registration and shall be dealt with in the same manner as if it were a fresh application for grant of Certificate of registration.
Regulation 23	The Board may renew a certificate of registration granted to a participant subject to the conditions of certificate of registration specified in regulation 22.
Submitting Documents Or information to SEBI	
Circular No. NSDL/PI/2005/0397 Date: March 4, 2005	As Participants may be aware, when an application for renewal of certificate of registration is being considered by SEBI,Participants are required to promptly notify SEBI regarding any change in the information submitted by the Participants to SEBI.In this context, Participants are hereby informed that SEBI has issued a warning to one of the Participants for not providing proper and timely information. Participants are hereby advised to exercise due care while submitting information / documents to SEBI.

Participants are further advised to follow the guidelines issued by SEBI vide their circular SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005 (copy enclosed) regarding renewal of Certificate of Registration as a Participant.

Annexure I

DEPUTY GENERAL MANAGER
Market Intermediaries Regulation &
Supervision Department

SEBI/MIRSD/DR-2/SRP/Cir - 2/ 2005

January 4, 2005

To

1.   NSDL/CDSL

2.   All Registered

     i.   Depository Participants

     ii.   Merchant Bankers

     iii.   Registrars to an Issue and Share Transfer Agents |

	iv. Debenture Trustees
	v. Bankers to an Issue
	vi. Underwriters
	vii. Credit Rating Agencies

Dear Sir / Madam,

<div align="center">

Sub: Renewal of Certificate of Registration

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Section 12 of the SEBI Act, 1992 requires that any intermediary in the capital market shall function as such only under a Certificate of Registration issued by SEBI. The SEBI Regulations pertaining to certain intermediaries require that the Certificate shall be valid for a specified period and shall be required to be renewed thereafter. These Regulations requires an intermediary to make an application for renewal three months before the expiry of the validity of the certificate of registration.

However, it is noticed that at times application for renewal is not made in time. It is also possible that an application for renewal made by an intermediary is not disposed off by the expiry of the registration. As a result, the intermediary and its clients are not quite clear if the intermediary can continue to act as intermediary after expiry of registration. This circular intends to clarify these matters:

1. If the application for renewal is not received at SEBI by the expiry date of the certificate of registration, the intermediary shall:

   a. cease to be an intermediary on the date of such expiry,

   b. stop carrying on the activities of the intermediary from the date of such expiry, and

   c. transfer, wherever relevant, the accounts / business of existing clients to another registered intermediary before the date of such expiry.

   If the intermediary fails to comply with all of the above, it will be considered as a violation of section 12 and may attract action under the relevant provisions of SEBI Act, 1992, and/or the Regulations framed there under.

   No application for renewal can be made after the date of expiry of registration. After the expiry of registration, the erstwhile intermediary can apply for registration, which will be considered as a fresh application for registration made under the relevant Regulations.

2. If the application for renewal is received at SEBI less than 3 months before the expiry of registration and SEBI has not advised otherwise by the date of expiry of registration, the intermediary shall stop undertaking any fresh business / clients from the date of expiry of the registration.

   SEBI may initiate any action that may be deemed appropriate for late submission of application under the provisions of the SEBI Act, 1992 and the regulations framed there under.

It is clarified that in the above cases, the application for renewal shall mean the application complete in all respects. Incomplete application will be treated as no application.

3. If renewal is not granted by SEBI for whatever reason, the intermediary shall:

    a. cease to be an intermediary on the date of expiry of registration or the date of receipt of communication of refusal to grant renewal,

    b. stop carrying on the activities of the intermediary from the date as at (a) above, and

    c. transfer, wherever required, the accounts / business of existing clients to another registered intermediary within such period as may be specified.

    If the intermediary fails to comply with all of the above, it will be considered as violating section 12 and shall be liable for action under the relevant provisions of SEBI Act, 1992, and/or the provisions of Rules and Regulations framed there under.

4. If an intermediary wishes to surrender the registration voluntarily before the expiry of the registration, it shall transfer, wherever relevant, their existing business / client accounts to another SEBI registered intermediary, before they make request to SEBI for accepting the surrender the certificate of registration.

5. The intermediary may, if he so desires, make a representation for dispensing with the procedure, along with the application, for surrender in terms of the first proviso to regulation 16(1) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 in the prescribed format (enclosed with the Circular).

6. In all cases of transfer of business or client accounts to another registered intermediary as above, the clients shall not be subjected to any additional cost.

Yours faithfully,

S. R. Prasad
Encl : As above

Letter of Representation for Depository Participants

To,
Securities and Exchange Board of India
Mittal Court, 'B' Wing, Nariman Point
Mumbai 400 021

Dear Sir,

Sub: Surrender of Certificate of Registration as Depository

Participant, _____ of M/s. _____ , Registration No.

1. We hereby surrender our certificate of registration as Depository Participant.

2. We enclose the original certificate of registration (or indemnity in case the certificate is lost or stolen) for cancellation.

3. We hereby confirm that:

   a. no complaint /disciplinary proceeding is pending against us;

   b. no investigation / inquiry by SEBI is pending against us with respect to our activities as a Depository Participant;

   c. as on date of application, we have paid all fees;

   d. we shall continue to be liable for all liabilities/obligations (including monetary penalties, if any) for violations, if any, of the provisions of the SEBI Act and the SEBI (Depository Participant) Rules and Regulations, 1996 that have taken place before our surrender of certificate of registration;

   e. we have no pending assignments/mandates as a Depository Participant;

   f. all our client accounts have been transferred to another registered Depository Participant i.e _____ with Registration No._____ ;

   g. we have issued a public notice in a widely circulated national and a vernacular daily dated _____ informing surrender of our registration as Depository Participant.(Please enclose a clipping of the said public notice.)

*4. We hereby request SEBI to dispense with the procedure laid down in Regulation 16(1) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 while processing our request for surrender of certificate of registration.

Thanking you,
Yours faithfully,

Name:
(Whole time/Managing Director/Principal Officer)

* Please strike off, if not applicable.

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