NIKUNJ STOCK BROKERS LIMITED

Depository Participant: National Securities Depository Ltd

OPERATION MANUAL

OF

DEPOSITORY DIVISION

2015-16

(for internal circulation only)

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(Disclaimer: This operational manual for the DP division is for use by the staff of DP Division of the company. The operational manual is only for providing guidance and in no manner be considered as final. All the staff members of the company are advised to go through the various circulars and instructions issued by NSDL and SEBI from time to time and act accordingly as the Depository system is in the evolutionary stage in the country and SEBI and NSDL are making constant improvement which cannot be incorporated in this manual on daily basis)

Introduction: Nikunj Stock Brokers Ltd., is a Depository Participant of NSDL. This manual describes the procedures to be followed by the staff of the company. It is expected that each employee will follow the process and procedures described in this manual. This material is meant to assist the employees in discharging their day to day activity relating to depository division in a simple and smooth manner.

Organization Structure & Management: The Company is a corporate entity having incorporated under Indian Companies Act 1956 with limited liability. The Company is managed by a Board of directors having a managing director to look after the overall affairs of the company and a whole time director to manage the day to day affairs of the company.

Depository Operations: The depository division will be headed by a Manager- Depository Division and will report directly to Managing Director. He will be assisted by at least one computer operator who will perform the function of maker and do the data entry and attend the clients relating to the Depository Division. The manager will perform the function of the checker and will be responsible for the overall working of the Depository Division. The division will be assisted by one office boy. Compliance officer of the company will look after the matters relating to compliance, client grievances and regulatory obligations and will report directly to Managing Director

Principal Officer: All concerned are requested to note that Mr. Pramod Kumar Sultania has been appointed as Principal Officer of the company under PMLA.

Business Locations: At present the Depository Services are being provided from head office of the company only and branches provide assistance services only.

Operation Guidelines: The staff will strive to provide good and efficient services to the clients of the depository division and follow the rules and procedures as prescribed in the Operating Manual for Participants devised by NSDL. Every staff should keep him/herself abreast of the latest circulars and directives issued by NSDL and SEBI relating to the capital market in general and depository division in particular. They should also be aware of the obligations of the organization under PMLA act and bring to the notice of Principal Officer of the company if any suspicious transaction/activity is noticed under PMLA or any other law of the country so that preventive action is initiated and obligation of the company to report the transaction/activity is fulfilled by him. various and the directives issued by the regulator i.e. SEBI For the sake of convenience we have used he/his to refer a customer.

Certifications: Every staff of the division should strive to get him/herself certified by NCDO or NISM so that he is well versed with the rules regulations and by laws relating to depository services as

prescribed by NSDL and SEBI. There is an attractive incentive scheme for the staff who gets himself so certified.

Softwares Used: The NSDL has provided us Front Office Software and company has procured Back Office Software from M/s Focus Infosoft (P) Ltd. Both the softwares are user friendly and menu driven.

Basic services and functions performed by a Depository:-

a. Account Opening of different types of clients
b. dematerialisation and rematerialisation of eligible securities.
c. Provide for disbursement of Corporate Benefits to the Beneficial Owners.
d. Effect settlement of securities traded on the exchanges as well as off-market trades through book entry transfers.
e. Pledging/Hypothecation of eligible securities.
f. Settlement relating to Securities lending and Borrowing.

Our Depository Division performs all the function except the function at "c" which is performed by the Depository directly from it's central office.

Basic Guidelines of NSDL for the Procedures Involved In Various Activities

a. Data pertaining to DP division operations should be kept separate from that pertaining to other operations.
b. The staff should interact with clients across the counter. Separate counter(s) should be maintained in the premises of the company specifically for the purpose.
c. The office should have sufficient stock of forms which should be made available to the clients on demand.
d. Any data which is entered/ updated in the DPM system on behalf of the client should be based on written instructions from the client.
e. Any data which is entered/ updated in the DPM system for the company's own Account should also be duly authorised and documented.
f. The electronic balances in the beneficiary accounts and the house account have to be maintained distinctly separate and DP is prohibited from commingling securities held in these two accounts

ACCOUNT OPENING

The trading in securities on the stock exchanges is compulsorily in demat form and hence all the investors holding shares or those who intend to trade/invest are our potential clients for this division. The company can open the following types of accounts:-

a. **Beneficiary Account:** A beneficiary account is an account held with the Participant by a client for the purpose of holding its securities. Such accounts can be of thee types:
   i)   Ordinary/Normal ii) Basic Services Demat a/c ii) RGESS designated Demat A/c
   Further such account can be either Resident or Non-resident depending upon the tax status of the holder.
b. **House Account:** A house account is the Participant's own beneficiary account held in its

own system for the purpose of holding its own securities

c. Clearing Member Account: A Clearing account is an account held with the Participant by a clearing member of a clearing corporation for the purpose of carrying out clearing and settlement functions in respect of electronic trades. A Clearing Member account consists of Pool account, delivery account and receipt account.

d. Own Clearing account: An own Clearing account is the Participant's own clearing account held in its own system in case where the Participant is also a clearing member of a clearing corporation. This account is held for the purpose of carrying out clearing and settlement functions in respect of electronic trades.

PROCEDURE FOR OPENING AN ACCOUNT: Greet the customer on arrival with a smile. Help him to feel at ease and provide him the basic information about the services offered by the company and ascertain the need of the customer. Explain to him that he can even keep his mutual fund units in his demat account.

- Inquire from him if he has done the KYC process earlier. If no, then client should be advised to get KYC completed first through our in house KRA. After doing KYC, assist the client in filling the DP Account Opening Form.
- If the KYC has been done earlier, check the status form the KRA and download the KYC details to be captured in the system based on PAN card for office record.
- Provide the relevant account opening form vide **Business Rules Annexure J or K** (depending on whether the client is a retail investor or corporate client/clearing member) and specify the list of documents regarding references that should be submitted along with the form. Also give a copy of the relevant agreement, (**Bye Laws Annexure B**) to be entered with the client, in duplicate. He should be explained the importance of making nomination and process of changing the nomination at any time afterwards.
- Do in person verification as per the prescribed norms and make a noting of the same on the account opening form at the appropriate place
- Explain him about the importance of allowing credit of securities in his account and advise him to tick the box for the same.
- Explain him about the SMS facility of the NSDL and advise him to opt for the same.
- Explain him about the Power of Attorney facility and if opted by him, ask him to tick the box for the same as well as SMS facility check box. It is compulsory in case of POA accounts.
- Explain the charge master to the client and get the same signed by the client.
- Explain the client about Debit ECS form and get the same signed by him.
- Obtain the duly executed agreement from the client.
- Verify the documents provided with the original and return the originals to the client after noting the same on the copies.
- For Corporate Clients, verify if the board resolution is in proper format with list of authorised signatories is enclosed.
- In case the documents are not proper, intimate the client of the same, stating the reasons for the same and give an opportunity to him to provide the correct documents with in next few days.
- Scrutinize the form. Ensure that all the information required in the form including nomination details are properly filled in. If nomination details are not filled in, once again insist for nomination. If inspite of this, client is not interested in nominating, get a declaration signed from his as per the prescribed format of the NSDL.
- If the form is in order, accept the same and give an acknowledgment slip duly signed and

stamped, to the client, execute the agreement and give a copy of it to the client.

- After completion of all documentation, get the form scrutinized by Manager before entering in the DPM software. If found satisfactory, enter the client details as mentioned in the account opening form in the DPM (software provided by NSDL to the Participant) screen provided for the purpose. After entering client details in the system, a client account number will be generated by the DPM, this account number should be filled in the account opening form at the specific place.
- Record the client's signature (from the form) in DPM as specimen for authorizations in the future.
- Give a copy of the report know as "client master" listing the client details captured in the DPM database to the client. The report will be generated by the DPM.

The procedure for opening a Clearing Member account is same as above. In addition, since the Clearing Member is a Business Partner of NSDL, we should ask him to request NSDL to allot a CM-BP-Id to the Clearing Member.

Procedure for allotment of CM-BP-Id to the Clearing Member:
- A Clearing Member can open only one Clearing Account with any one DP. Hence we should inquire in BP Master of the DPM system, whether the Clearing Member is already having an account with some other DP. If the Clearing Member is already a Business Partner, then the procedure given for closure and shifting of clearing account in the later pages should be followed.
- The Clearing Member has to submit a copy of the letter from the Clearing Corporation regarding allotment of CM-Id to it. Such a letter is not required in case of BOI Shareholding Limited (BOISL).
- After we are ready to open the account, we are required to send a copy of the account opening form, copy of a letter from the Clearing Corporation regarding allotment of CM-Id and a covering letter stating the Participant's willingness to open a clearing account for the Clearing Member (format given in **Annexure 1**) to NSDL.
- NSDL will allot the CM-BP-Id and electronically intimate us.
- We may then proceed with opening the Clearing Account and inform the Clearing Member.
- Clearing Members may issue a standing instruction for receiving credit of securities from the clients account. They have to specify the same and accordingly we should have to mark the standing instruction indicator for credits as enabled against the Clearing account details in the DPM system.
- We should also inform NSDL the following details immediately after the account is opened in the DPM system.
  Clearing Member name
  CM-BP-Id
  Client Id
  Date of opening of account in the DPM system.

DEMATERIALISATION
Dematerialisation is the process by which a client can get physical certificates converted into electronic balances maintained in its account with the Participant in the depository system.

Securities held in dematerialised form are fungible, i.e., they do not bear any distinguishing features.

An investor intending to dematerialise its securities needs to have an account with a DP. The client has to deface and surrender the certificates registered in its name to DP. After intimating NSDL electronically, DP has to send the securities to the concerned Issuer/R&T agent. NSDL in turn informs the Issuer/R&T agent electronically about the request for dematerialisation. If the Issuer/ R&T agent finds them in order, it registers NSDL as the holder of the securities and confirms to NSDL electronically. On receiving such confirmation, NSDL authorises credit to the relevant client account with the Participant.

PROCEDURE FOR DEMATERIALISATION

1. No requests for dematerialisation can be entertained for a person other than the registered shareholder in the books of the company.
2. The client will submit a request in the Dematerialisation Request Form (**Business Rules of NSDL Annexure D**) for dematerialisation along with the certificates of securities to be dematerialised. Before submission, the client has to deface the certificates by writing "SURRENDERED FOR DEMATERIALISATION" as shown in **Business Rules of NSDL Annexure E**.
3. Verify that the form to find if the same is duly filled in and the number of certificates, number of securities and the security type (equity, debenture etc.) are as given in the DRF. If the form and security count is in order, the issue an acknowledgment slip duly signed and stamped, to the client.
4. Scrutinize the form and the certificates which involves the following: Verification of Client's signature on the dematerialisation request with the specimen signature (the signature on the account opening form). If the signature differs, the Participant should ensure himself of the identity of the client.
5. Compare the names and order of holders' names on DRF and Certificates with the Client account. For example, if the shares are in the name of X, Y (X as first holder and Y and second holder) it cannot be dematerialised in the account of either X or Y alone. Also if the shares are in the name of X, they cannot be dematerialised in the account of X, Y (X as first holder and Y as second holder).
6. If the holders are same as per the account but there positioning is different, a transposition cum dematerialization form is also required to be filled.
7. In case the securities are not in order they are returned to the client and acknowledgment is obtained.
8. Reject the request and return the DRF and certificates, if the ISIN of the certificates surrendered, pertaining to a single DRF, is not the same.
9. In case the certificates are mutilated, or they are defaced in such a way that the material information is not readable, reject the dematerialisation request. Advise the client to send the certificates to the Issuer/R&T agent and get new securities issued in lieu thereof.
10. Verify the nature of the security, its paripassu status with reference to the list of ISIN codes available in the system. The allotment of ISIN must be verified at a second level. Wrong allocation may result in avoidable losses to the clients. The ISIN is entered in the space provided for it in the dematerialisation request form.
11. If part of the certificates pertaining to a single DRF is partly paid-up, the DRF should be rejected and DRF along with the certificates should be returned to client. . The client should be advised to send separate requests for the fully paid-up and partly paid-up securities.

12. If part of the certificates pertaining to a single DRF is locked-in, the DRF should be rejected and DRF along with the certificates should be returned to the client. The client should be advised to send a separate request for the locked-in certificates. Also, certificates locked-in for different reasons should not be submitted together in a single DRF.

13. In case the securities are found in order the details of the request as mentioned in the form are to be entered in the DPM and a Dematerialisation Request Number (DRN) generated by the system should be noted on both the copies of DRN.

14. Details recorded for the DRN should be verified by a person other than the person who entered the data. The request is then released to DPM by checker. The DPM forwards the request to the Issuer/R&T agent electronically.

15. Fill the relevant portion viz., the authorisation portion of the request form and punch the certificates on the company name as shown in **BusinessRules Annexure E** so that it does not destroy any material information on the certificate.

16. Despatch the certificates along with the request form and a covering letter (Annexure 2) to the Issuer/R&T agent.

17. When the Issuer/R&T agent confirms acceptance of the request for dematerialisation, the DPM will electronically authorise the creation of appropriate credit balances in the client's account.

18. The DPM will credit the client's account automatically

19. Inform the client of the changes in the client's account following the confirmation of the request.

Objections by Issuer/R&T agent

The Issuer/R&T agent, on receipt of physical certificates with the DRF, will first try to match the Dematerialisation Request Number given in the DRF with the electronic message it has received from DM (Depository Software given by NSDL to Issuer/Registrar). The following may be the action on the part of issurer/R&T Agent and our response:

1. In case where there is a mismatch in DRN as given on the DRF and electronic message of the DM , the Issuer/R&T agent will send a letter/fax to the us intimating the mismatch. We should verify with the system and furnish the correct DRN to the Issuer/R&T agent.

2. Subsequent to this, while processing the certificates, the Issuer/R&T agent may report some objections. Depending on the nature of objection, the Issuer/R&T agent may reject the request or process it partially, seeking rectification for the remaining, and send an objection memo to the Participant. The details of such objections are given in **Annexure 3**.

3. If the Issuer/R&T agent rejects the dematerialization requests, intimate the client of rejection by letter/fax along with the rejection memo sent by the Issuer/R&T agent. This will happen if the securities sent to the Issuer/R&T agent happen to be stolen, forged, under court injunction, fake or originals against which duplicate certificates have been issued.

4. If the Issuer/R&T agent sends an objection memo, the requests will be treated as pending at the Issuer/R&T agent's end. In such cases, we should issue a clarification either on our own or after clarifying the reasons stated in the Objection memo with the client. This should be done within a period of 15 days from the date on which the letter/fax was sent by the Issuer/R&T agent.

5. In case of mismatch of number of securities between that mentioned in the DRF and the securities physically received, the Issuer/R&T agent will send a letter/fax intimating the

difference along with a copy of the DRF. We should rectify the shortage by sending the correct certificates to the Issuer/R&T agent within 15 days from the date on which the Issuer/R&T agent has sent the letter/fax intimating the mismatch.

6. If the Issuer/R&T agent sends back the excess certificates, we should forward them to the client advising the client to send the defaced certificates for replacement to the Issuer/R&T agent.

7. In case of signature difference between the DRF and the specimen signature in the Issuer/R&T agent's books, the Issuer/R&T agent will retain a copy of DRF and send the original DRF to us for rectification along with an Objection memo. We should forward the same to the Client and get it rectified asking the client to get its signature attested by a first class Magistrate or Notary Public, Bank Manager or any other competent authority within 15 days from the date on which the DRF and Objection memo were sent by the Issuer/R&T agent.

8. If we get the electronic rejection message before the objection is rectified, treat the request as rejected and intimate the client accordingly.

9. Where we have rectified the objection within 15 days, but the Issuer/R&T agent has rejected the request before receipt of clarification or rectified certificates/DRF, the Issuer/R&T agent will send the certificates and DRF back to us. Treat such requests as rejected and intimate the client accordingly.

10. Never generate a fresh request in the system till such time we receives electronic intimation of rejection.

TRANSFER OF SECURITIES

A client having an account with a Participant has the facility to receive credit for purchase of securities in electronic form. Similarly, a client can sell its securities held in electronic form. For doing this, the client has to authorize the Participant to transfer balances from or to its account. In case a client sells its dematerialised securities, it must give a debit authorization to the Participant in the form of a delivery instruction form. In the market trades, the client will be required to transfer its securities to the Pool account of the clearing member (either broker or custodian or any other as the case maybe). In case a client purchases dematerialized securities it must give a credit authorisation to the DP in a receipt instruction form. To avoid this step, we always obtain credit authorisation in the Account Opening Form. In the market trades the client will be receiving securities from the Pool account of the clearing member to its account.

The clients are required to mention the counterparty account details in the delivery/receipt instruction form. The source and target accounts may be with the same Participant (**intra DP**) or may be with two different Participants (**inter DP**). Similarly it can be with the same depository (intra depository) or with different depository (inter Depository) . Please note that at present there are only two Depositories in India.

Transfer of securities in a depository system can be done both for market trades as well as off-market trades. It can be of Intra Depository or Inter Depository. The procedure is same for DIS execution.

As and when a delivery instruction is received the following steps are to be taken:

1. Scrutinize the DIS that it is properly filled in, signed and stamped if required.
2. Check for any pending financial dues.
3. If dues are pending, ask the client to deposit the same before the DIS can be accepted /processed.
4. In case the DIS is for market trade, please check if sufficient time is available for execution of the DIS (from NSDL/CDSL dead line) as if the NSDL/CDSL deadline date and time has passed at the time of verify / release, the DPM will disallow release of the instruction.
5. Check if possible, the account balance of the securities mentioned in the DIS with the holding of the client..
6. If holding mismatch is there, inform the client. If insisted upon for acceptance, as the security may be expected in the mean time, the same should be accepted.
7. Issue receipt of the same with date and time stamp of the company
8. Block the slip number in the back office software of the DP.
9. Punch the DIS in back office for delivery execution.
10. Checker should verify the DIS in back office and after verifying the all the slip for batch, the batch file should be generated from the back office software.
11. Run the batch file in the e-DPM system. Instruction number generated by the system should be noted on the respective DIS for record and future reference.
12. Verify and release the batch file in e-DPM system.
13. All DISs having valid quantity and current execution dates will be processed and settled by the system. Rest of the DISs will be remaining active in the system and the status of the same can be checked by overdue report. The client's free balance gets blocked to the extent of the transfer, when the request is released to the DM. In case the execution date entered happens to be a holiday, the transfer will be executed on the business day following the holiday.
14. Overdue DISs will be settled as and when the quantity and date criteria are met in the system automatically. For market trades, on the settlement date, the instruction with insufficient quantity will be settled with the available free quantity and rest of the quantity will be rejected by the system.
15. DISs not meeting the quantity criteria by execution date/pay in time will be automatically rejected by the system and report for the same can be generated from system.
16. Inform the client, whose DIS has been rejected by telephone/letter about the rejections and the reason thereof.

All the depository division staff are required to go through the Master circular issued by NSDL on Delivery Instructions for further guidance.

ELECTRONIC MAINTENANCE OF DIS SLIPS:

From July 2014,SEBI has vide circular issued in January 2014, with a view to safeguard the interest of the investors, put in place a new framework to strengthen the supervisory and monitoring role of depositories and their participants for issuance and processing of Delivery Instruction Slips in the following manner:

a. DIS is standardised across all depository participants in terms of serial number and layout and size of DIS to facilitate scanning and easy retrievability of records.
b. "The DIS must bear a pre-printed serial number, DP identity and pre-printed or pre-stamped beneficial owner identity,

c. There should be a standard method of serial number which is unique.
d. Same DIS will not be used for giving both market and off-market instruction.
e. a single DIS will not be used for transactions with multiple execution dates.
f. Upon issuance of DIS booklets or loose slips to beneficial owner, depository participants will make available the details of DIS like its serial number, identity of beneficial owner and date of issuance to depository system electronically.
g. At the time of execution of DIS, depository participants will enter the serial number of DIS in the depository system for validation. The depositories will make provisions in their systems to facilitate the same.
h. In respect of all the transfer instructions on a DIS, depositories will validate the serial number of DIS and will ensure that no instructions accompanied by a used DIS or unissued DIS are processed.
i. "The depositories shall scan every DIS executed during a day along with all Annexures/ computer printouts, if any, by the end of the next working day in the manner specified by the depository,
j. The depositories will ensure that their participants have adequate infrastructure, systems and processes to implement scanning, storage and transfer of the scanned DIS in the manner specified by the depositories.
k. They also need to ensure that the systems set up by the DPs maintain proper records of all scanned DIS images and put in place adequate checks and procedures to prevent unauthorised changes.
l. Once a new DIS booklet is issued to a beneficial owner, old ones will not be accepted by the DP.

MARKET TRADES

Market trades are those trades which are executed on the stock exchange and are cleared and settled through the clearing corporation. For the purpose of NSDL operations, trades which are negotiated and subsequently reported for being cleared and settled through the clearing corporation, will also be treated as market trades. Market trades can be settled only through a clearing member. Every clearing member intending to participate in the depository segment of the market will open a special Clearing account with a Participant. If the clearing member is itself a Participant, the account can be opened in its own Participant set-up. When clients sell securities, the securities are moved from the clients' accounts to the Pool account of the clearing member, and at the time of pay-in, the securities are moved to the clearing corporation based on the net obligation of the clearing member. Invariably, the retail clients will use the services of the selling broker as a clearing member for settlement of their transactions. However, the facility for using a clearing member other than the broker who executes the order is available. In such cases the client will indicate the clearing member at the time of placing its order. If the trade is accepted by the clearing member, the clearing corporation will shift the responsibility for the settlement of the trade from the trading member who executed the transaction to the clearing member who has accepted the transaction. On the pay-in day, the clearing members transfer their net obligations to the clearing corporation. On the pay-out day, the clearing corporation will credit the Pool account of the clearing member with the net receivables for the clearing member. The clearing member will then give instructions for transferring the balances from the Pool account to the buying clients' accounts.

Procedure for settlement through Clearing Corporation

The clearing corporation gives the net obligation for each clearing member, security-wise, at the end of the trading period. The clearing member can transfer its net obligations from the Pool account to the Delivery account before NSDL deadline date and time.

The Participant, where it is also a clearing member, will transfer its net delivery obligations in each security from its own Pool account to its Delivery account. The Participant can do this by entering the relevant details in the delivery-out instruction screen of the DPM or by using the auto pay in facility of the NSDL.

Other clearing members having their account with the Participant, will submit a request in the form vide **Business** Rules Annexure S to the Participant, for transferring net balances from their Pool accounts to their Delivery accounts.

On receipt of the request from other clearing members, the Participant will verify that the form is duly filled in and verify the signature of the clearing member.

If the form is not in order, the Participant will intimate the clearing member accordingly.
If the form is in order, the Participant will enter the request in the DPM and the DPM will generate an instruction number for the request. The Participant will then verify and release the instruction.

After the NSDL deadline time is past, the DM will send a delivery out statement to the clearing corporation containing details of the clearing member wise delivery account positions for the settlement for which pay-in is due.

On the pay-out day the clearing corporation will give a receipt-in statement, containing details of credits to be given to the receiving clearing members. The DM credits the corresponding receipt accounts of the clearing members and then transfers the balances in the receipt account to the corresponding Pool account.

In case the clearing member is a Participant, it will transfer the receipts from its Own Pool account to the buying clients' accounts.

The Participant will intimate the non-Participant clearing members of all receipts into their Pool accounts from the clearing corporation after the Pay-out.

The non-Participant clearing member will authorise the Participant to debit its Pool account and credit the buying clients' accounts by submitting a request in the form vide **Business Rules of NSDL Annexure T**.

The Participant will verify if the form is in order. In case of any discrepancy, the Participant will ask the clearing member to rectify the same. On rectification, the Participant will transfer the corresponding balances to the respective buying clients' accounts.

TRANSMISSION OF SECURITIES

In case of death of Joint Holder: Transmission of securities - In such case, the other existing joint holder(s) can get the securities transmitted in their/his favour by producing the attested copy of death certificate or the original death certificate. The surviving joint holder (s) has/have to open a new account with a DP .

Transmission of securities - in the event of death of the sole holder with nominee and value of securities is less than one lac: No need for succession certificate and the securities can be transmitted in the name of nominee on submitting attested copy of death certificate or the original death certificate, transmission form along with affidavit and declaration in the prescribed format. The claimants, being nominee should either have a Depository account in his own name or should open an account with a DP to get the securities transmitted in his favour.

Transmission of Securities of Sole Holder (deceased) without nominee and holding value less than one lac: In such case if the claimant is unable to provide succession certificate or letter of probate, the securities can be transmitted in the name of claimant on submission of attested copy of death certificate or the original death certificate, NOC and letter of authority from surviving legal heirs and transmission form along with affidavit and indemnity deed in the prescribed format. The claimants should either have a Depository account in his own name or should open an account with a DP to get the securities transmitted in his favour.

Transmission of Securities of Sole Holder (deceased) without nominee and holding value is more than one lac: Where the Sole Holder who has securities held in its name is deceased, any successor/claimant/legal heir shall be required to make a request for transmission in the form and furnish any of the following legal documents: viz., Probate of Will, Succession Certificate, Letter of Administration, or any other legal document which may be required along with an attested copy of the Death Certificate, to the Participant.

The Manager of DP division will verify all the legal documents submitted by the legal heir/ claimant/successor for their authenticity. If satisfied about the authenticity of the documents submitted, the he can process the transmission request for the Demat Account in favour of the claimant.

PLEDGE AND HYPOTHECATION

A client (pledgor) having a beneficiary account with a Participant can pledge or hypothecate securities in electronic form against loan/credit facilities extended by a pledgee, who too has a beneficiary account with a Participant. The creation of pledge/ hypothecation will be initiated by the pledgor through its Participant and the pledgee will instruct its Participant to confirm the creation of the pledge. The pledge/hypothecation so created can either be closed on repayment of loan or invoked on default. After the pledgor repays the loan to the pledgee, the pledgor will initiate the closure of pledge/ hypothecation through its Participant and the pledgee will instruct its Participant to confirm the closure of the pledge/hypothecation. In case of default by the pledgor in repaying the loan to the pledgee, the pledgee may initiate invocation of pledge/hypothecation, after taking such steps as may be necessary as per the terms of the underlying agreement with the pledgor and the Bye Laws & Business Rules of NSDL and

SEBI Regulations. In case of hypothecation, the pledgor will instruct its Participant to confirm the invocation of the hypothecation in the DPM. However, in case of pledge, no such confirmation is required in the DPM of the pledgor's Participant for invocation.

Procedure for creation of pledge/hypothecation by the pledgor:
The pledgor will submit an instruction to its Participant to initiate a pledge/hypothecation request in the DPM by indicating the option 'create a pledge/hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**. The pledgor will indicate therein, the agreement number, closure date of the pledge/hypothecation (this date is indicative of the duration of pledge/hypothecation), pledgee's details, and the details of securities to be pledged.

The Participant will check for the completeness of the form. The Participant has to ensure that symbols like '-', '{' , '}', '[', ']', and ':' should not be the first character of the agreement number and that the securities requested to be pledged exist in the pledgor's account. If not so, the Participant will return the same to the pledgor for rectification.

If the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgor.

The Participant will then enter the details of the request in the DPM and the DPM will generate a pledge/hypothecation instruction number for the request.

The Participant will then verify/release the order to NSDL. Securities to the extent of the instruction are debited from the free or locked-in balances and credited as pledged balances of the pledgor. The Participant shall write the pledge/hypothecation instruction number on the pledge/hypothecation form and intimate the same to the pledgor.

The details of the pledge/hypothecation are electronically communicated to the DPM of pledgee's Participant through the DM for confirmation.

Procedure for confirmation of creation of pledge/hypothecation by the pledgee:
The pledge/hypothecation request will be displayed on the DPM of pledgee's Participant. The pledgee's Participant will furnish the details of the pledge/hypothecation requests received for confirmation to the pledgee through the report generated by the DPM.

The pledgee will submit an instruction to its Participant to accept/reject the pledge/hypothecation request by indicating the option 'confirm the creation of pledge/hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**.
The Participant will check for the completeness of the form. If the form is incomplete, the Participant will return the same to the pledgee for rectification.
If the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgee.
The Participant will compare the details on the form with that of the details as shown by the DPM against the pledge/hypothecation instruction number.

The Participant will execute the order for accepting/rejecting the pledge/hypothecation request in the DPM as per the instructions given in the form.

In case of rejection by the pledgee, the Participant will enter the rejection reason in the DPM as specified in the form.

The acceptance/rejection of pledge/hypothecation confirmation is electronically communicated to the DPM of the pledgor's Participant through DM.

Acceptance of the creation of pledge/hypothecation will appear in the DPM of the pledgor's Participant and pledgee's Participant as a status change. Status of the pledge/ hypothecation instruction will change to "Pledged".

In case of rejection by the pledgee, the bookings performed at the time of initiation of creation of the pledge/hypothecation instruction will be reversed and the securities will be debited from the pledged balances of the pledgor and credited to its free/locked-in balances. The reasons for rejection are displayed in the DPM of the pledgor's Participant.

The pledgor's Participant cannot cancel the pledge/hypothecation order after confirmation of creation of the pledge/hypothecation by the pledgee.

The pledgee's Participant cannot confirm the creation of pledge/hypothecation after the closure date.

Procedure for closure of a pledge/hypothecation by the pledgor:

After the pledgor repays the loan to the pledgee, the pledgor will submit an instruction to its Participant to initiate the closure of pledge/hypothecation by indicating the option 'close the pledge/hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**.

The Participant will check for completeness of the form. If the form is incomplete, the Participant will return the same to the pledgor for rectification.

If the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgor.

The Participant will compare the details on the form with that of the details as shown by the DPM against the pledge/hypothecation instruction number.

The Participant will enter the closure request details in the DPM against the pledge/hypothecation instruction number as per the instructions given in the form and verify/release the instruction to NSDL.

The details of the pledge/hypothecation closure request are electronically communicated to the DPM of pledgee's Participant through the DM for confirmation.

Procedure for confirmation of pledge/hypothecation closure request by the pledgee:

The pledge/hypothecation closure request will be displayed on the DPM of the pledgee's Participant.

The pledgee's Participant will furnish the details of the pledge/hypothecation closure

requests received for confirmation to the pledgee through a report generated by the DPM.

The pledgee will submit an instruction to its Participant to accept/reject the pledge/hypothecation closure request by indicating the option 'confirm the closure of pledge/hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**.

The Participant will check for the completeness of the form. If the form is incomplete, the Participant will return the same to the pledgee for rectification.

If the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgee.

The Participant will compare the details on the form with that of the details as shown by the DPM against the pledge/hypothecation instruction number.

The Participant will execute the order for accepting/rejecting the pledge/hypothecation closure request in the DPM as per the instructions given in the form.

In case of rejection by the pledgee, the Participant will enter the rejection reason in the DPM as specified in the form.

The acceptance/rejection of pledge/hypothecation closure confirmation is electronically communicated to the DPM of the pledgor's Participant through DM.

Acceptance of the closure of pledge/hypothecation will appear in the DPM of the pledgor's Participant and the pledgee's Participant as a status change. Status of the pledge/hypothecation instruction will change to "Partially Closed" or "Closed, Settled" and the securities accepted for closure will be debited from the pledged balances of the pledgor and credited to its free/locked-in balances.

In case of rejection by the pledgee, the securities will continue to remain as pledged balances in the pledgor's account. The reasons for rejection are displayed in the DPM of the pledgor's Participant.

Procedure for invocation of pledge / hypothecation by the pledgee :

In case of default by the pledgor in repaying the loan to the pledgee, after taking such steps as may be necessary as per the terms of the underlying agreement with the pledgor and the Bye Laws & Business Rules of NSDL and SEBI Regulations, the pledgee will submit an instruction to its Participant to initiate a pledge/hypothecation invocation by indicating the option 'invoke the pledge/hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**.

The Participant will check for the completeness of the form. If the form is incomplete, the Participant will return the form to the pledgee for rectification.

If the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgee.

The Participant will compare the details on the form with that of the details as shown by the DPM against the pledge/hypothecation instruction number.

The Participant will enter the invocation request details in the DPM against the pledge/hypothecation instruction number as per the instructions given in the form and verify/release the instruction to NSDL.

The details of the hypothecation invocation request are electronically communicated to the DPM of pledgor's Participant through the DM for confirmation.

In the case of invocation of a pledge, the securities are transferred from the pledged balances of the pledgor to the pledgee's beneficial owner account. The intimation of the same travels to the pledgor's Participant through DM and the status of the pledge is changed to "closed, invoked".

Locked-in securities cannot be invoked before the lock-in release date.

Procedure for confirmation of hypothecation invocation request by the pledgor :

The hypothecation invocation request will be displayed on the DPM of the pledgor's Participant.

The pledgor's Participant will furnish the details of the hypothecation invocation requests received for confirmation to the pledgor through a report generated by the DPM.

The pledgor will instruct its Participant to accept/reject the hypothecation invocation request by indicating the option 'confirm the invocation of hypothecation' in the pledge/hypothecation form vide **Business Rules Annexure W**.

The Participant will check for the completeness of the form. If the form is incomplete, the Participant will return the same to the pledgor for rectification.

In case the form is complete in all respects, the Participant will accept the form for processing and issue an acknowledgment for the same to the pledgor.

The Participant will compare the details on the form with that of the details as shown by the DPM against the hypothecation instruction number.

The Participant will execute the order for accepting/rejecting the hypothecation invocation request in the DPM as per the instructions given in the form.

In case of rejection by the pledgor, the Participant will enter the rejection reason in the DPM as specified in the form.

The acceptance/rejection of hypothecation invocation confirmation is electronically communicated to the DPM of the pledgee's Participant through DM.

Acceptance of invocation of hypothecation will appear in the DPM of the pledgee's Participant and the pledgor's Participant as a status change. Status of the hypothecation

instruction will change to "Closed, Invoked" and the securities are transferred from the pledged balances of the pledgor to the pledgee's beneficial owner account.

In case of rejection by the pledgor, the securities will continue to remain as pledged balances in the pledgor's account. The reasons for rejection will be displayed in the DPM of the pledgee's Participant.

CLIENT MASTER MAINTENANCE

The Participant is required to store all details furnished by clients at the time of account opening in the client master database in the DPM. These details have to be updated when the client requests any changes therein. The Participant will ensure that such changes are done only by a person at a higher level in its organisation.

Procedure

The client has to inform the Participant of any change in the personal details provided at the time of opening of the account, through a letter. If the Participant so requires, the client should supplement the letter with necessary documents. With introduction of KYC regulations, any change in the details of the client cannot be effected unless the same has been updated with KRA.

The Participant will verify the client's signature in the letter intimating the change with the specimen available in its records.

If the signatures are different the Participant will ensure the identity of the client.

The Participant will then update such client details in the DPM on the day it receives the intimation from the client or on the following day.

The Participant will provide a statement of the revised details to the client.

CLIENT INITIATED FREEZING OF AN ACCOUNT

A client may request that its account be frozen by deactivating it. The Participant has a facility in the DPM to freeze an account. The account is frozen for any transaction thereafter, until it is reactivated on a request from the client. An account may be frozen for debits or for both debits and credits depending on the choice of the account holder.

Procedure

The client will submit a request to the Participant in the form vide **Business Rules Annexure P** for freezing its account.

On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client an acknowledgment slip signed and stamped.

The Participant will verify the signature of the client as on the form with the specimen

available in its records.

If the signatures are different the Participant will ensure the identity of the client.

If the request form is in order, the Participant will change the status of the client's account from "ACTIVE" to "SUSPENDED FOR DEBIT" or "SUSPENDED FOR ALL" depending on the choice of the client, from the date mentioned by the client on the form. The Participant will enter the reason for change in status as "request from the client".

The Participant will intimate the change in status to the client.

CLIENT INITIATED DEFREEZING OF AN ACCOUNT

A client whose account is frozen may request its Participant to defreeze its account by reactivating it. The Participant has the facility in the DPM to defreeze an account. The account is reactivated and transactions are allowed on the account thereafter.

Procedure
The client will submit a request to the Participant in the form vide **Business Rules Annexure P** for defreezing its account.

On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

The Participant will verify the signature of the client as on the form with the specimen available in its records. In case of signature difference the Participant will ensure the identity of the client.

If the request form is in order, the Participant will change the status of the client's account to "ACTIVE", on the date mentioned by the client on the form. The Participant will enter the reason for change in status as "request from the client".

The Participant will intimate the change in status to the client.

SUSPENSION OF A CLIENT ACCOUNT

A Participant has the facility in the DPM to suspend a client account in case it receives a directive/order to the effect from NSDL, Income-tax or judicial authorities. The frozen holdings cannot be moved out of the account by the client. The Participant will intimate the client of suspension of its account.

Procedure for suspending an account

On receipt of a directive/order for suspending a client account, the Participant will change the account status in the DPM from "ACTIVE" to "SUSPENDED FOR DEBIT" or "SUSPENDED FOR ALL". It will record the reason for the status change as "directive/order of the concerned authority" e.g., "order of the High Court of Mumbai".

The Participant will intimate the client about the suspension of its account. In case of

clearing member client, the Participant will intimate the clearing corporation also of the suspension.

Procedure for revoking suspension of account

The status will be changed to "ACTIVE" on receipt of a directive to revoke such suspension from NSDL or authorities mentioned above. The Participant records the reason for the status change as a directive from the concerned authority.

The Participant will intimate the client about the revoking of the suspension.

SUSPENSION OF A PARTICIPANT

NSDL may, as a measure of disciplinary action or under orders from an appropriate authority, suspend a Participant from carrying out its operations. In such a situation the clients of the Participant will be given the option to move their holdings to an account with another Participant or to rematerialise their holdings.

Procedure

On receipt of the suspension order from NSDL, the Participant will intimate all clients of the impending suspension and will give them sufficient time to move balances in their accounts to another Participant or rematerialise the same. The Participant will especially intimate those clients who have requested freezing of their accounts, to defreeze their accounts and transfer their balances to some other Participant.

The Participant will intimate all clearing member clients to transfer balances from Pool accounts to concerned client accounts.

The Participant should transfer all balances in its own Pool account to the clients' accounts.

The Participant will accept and process all debit instructions such as for transfer of holdings and rematerialisation from the clients.

Allocations lying in suspense will be reported to NSDL and through NSDL to the Issuer/R&T agent. The Issuer/R&T agent will rematerialise the securities and confirm to NSDL which will in turn reduce balances in the suspense account of the Participant to zero.

No credit instructions and dematerialisation requests will be accepted.
The holdings blocked for rematerialisation will remain in the DPM till such time the Issuer/R&T agent confirms.

REMATERIALISATION

Rematerialisation is the process by which a client can get its electronic holdings converted into physical certificates. The client has to submit the rematerialisation request to the Participant with whom it has an account. The Participant enters the request in its system which debits the client's holdings to that extent automatically. The Participant releases the request to NSDL and sends the request form to the Issuer/R&T agent. The Issuer/R&T agent then prints the

certificates, despatches the same to the client and simultaneously electronically confirms the acceptance of the request to NSDL.

Procedure

The client will submit a request to the Participant in the form vide **Business Rules Annexure H** for rematerialisation of holdings in its account
On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

The Participant will verify the signature of the client as on the form with the specimen available in its records.

If the signatures are different the Participant will ensure the identity of the client.
If the form is in order the Participant will enter the request details in its DPM. While entering the details, if it is found that the client's account does not have enough balance, the Participant will not entertain the request.

The Participant will intimate the client that the request cannot be entertained since the client does not have sufficient balance.If there is sufficient balance in the client's account, the Participant will enter the request in the DPM and the DPM will generate a Rematerialisation Request Number (RRN).

The RRN so generated is entered in the space provided for the purpose in the rematerialisation request form.

Details recorded for the RRN should be verified by a person other than the person who entered the data. The request is then released to the DM by the Participant.

The DM forwards the request to the Issuer/R&T agent electronically. The Participant will fill the authorisation portion of the request form.
The Participant will then despatch the request form to the Issuer/R&T agent.
The Issuer/R&T agent accepts the request for rematerialisation, prints and despatches the certificates to the client and sends electronic confirmation to the DM.

The DM downloads this information to the DPM and the status of the rematerialisation request is updated in the DPM.

The Participant must inform the client about the changes in the client account following the acceptance of the request.

Objections by Issuer/R&T agent

The Issuer/R&T agent, on receipt of the remat request form will first try to match the Rematerialisation Request Number given in the RRF with the electronic message it has received from NSDL. In case of a mismatch, the Issuer/R&T agent will send a letter/fax to the Participant intimating it of the mismatch.

The Participant will verify with the system and furnish the correct RRN to the Issuer/R&T agent.

Subsequent to this, while processing the request, the Issuer/R&T agent may report some objections. Depending on the nature of objection, the Issuer/R&T agent may reject the request or process it partially, seeking rectification for the remaining, and send an objection memo to the Participant.

If the Issuer/R&T agent rejects the rematerialisation requests, the Participant will intimate the client of rejection by letter/fax along with the rejection memo sent by the Issuer/R&T agent.

In case of mismatch of number of securities between that mentioned in the RRF and the electronic intimation, the Issuer/R&T agent will send a letter/fax intimating the difference along with a copy of the RRF to the Participant. The Participant will rectify the shortage by indicating the correct quantity to the Issuer/R&T agent.

ACCOUNT CLOSURE

A beneficial owner may close its account with the Participant at its option. Similarly, a clearing member may close its account with the Participant. The account closure can also be initiated by the Participant, if the client has defaulted in its obligations towards the Participant.

Client initiated closure

In order to close an account the client has to submit an account closure request form to the Participant. The client intending to close its account may opt for rematerialisation of its holdings or transfer of holdings to an account with another Participant.

Procedure for closing a Beneficiary Account

The client will submit a request to the Participant in the form vide **Business Rules Annexure Q** for account closure.

On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

The Participant will verify the signature of the client on the form with the specimen signature available in its records.

If the signature is different, the Participant will ensure the identity of the client.

The client is required to indicate whether it has opted for transferring the holding to another account or for rematerialisation.

If the option is for transfer of holding to another account, procedure laid down for account transfer will be followed.

If the option is for rematerialisation, procedure laid down for rematerialisation will be followed.

After all the balances in the client account become zero, the Participant will change the status of the client account to "TO BE CLOSED".

The Participant will issue a final statement of accounts to the client.

Procedure for closing a Clearing account

The Clearing Member client will submit a request to the Participant in the form vide **Business Rules Annexure Q** for account closure.
On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

The Participant will verify the signature of the Clearing Member on the form with the specimen signature available in its records.

If the signature is different, the Participant will ensure the identity of the client.
The Clearing Member has to authorise the Participant to move all balances from the Pool account to the Clearing Member's buying clients' accounts or to the Delivery-out account as delivery obligation to the clearing corporation. For this, the Participant will follow the procedure laid down for transfer of securities.

When balances become zero, the Participant will intimate NSDL.

NSDL will intimate the Participant to proceed with closure of the account. The Participant will remove the standing instruction indicator and change the account status to "TO BE CLOSED" and inform NSDL accordingly.

On receipt of intimation from the Participant (old), the Depository will revoke the old Business Partner Id of the clearing member.

The Participant will issue a final statement of accounts to the Clearing Member.

Participant initiated closure

The Participant may initiate closure of a client account if the client has defaulted in its obligations towards the Participant. The Participant has to serve sufficient notice to the client before it takes such a step.

The Participant will intimate the client of its intention to close the client's account specifying the reason for doing so.

The client is required to indicate whether it has opted for transferring the holding to another account or for rematerialisation.

If the option is for transfer of holding to another account, procedure laid down for account transfer will be followed.

If the option is for rematerialisation, procedure laid down for rematerialisation will be followed.

After all the balances in the client account become zero, the Participant will change the status of the client account to "TO BE CLOSED".

The Participant will issue a final statement of accounts to the client.

Closure and shifting of clearing account

The clearing member may close an existing clearing account and open a new clearing account with another Participant. The clearing member will have to submit an account closure form to its Participant and an account opening form along with other documents for shifting of the clearing account to the new Participant. The existing clearing account will be closed by the old Participant after balances are moved out by the clearing member. The clearing member will be assigned a new Business Partner Id (CM-BP-Id) by NSDL and a new clearing account will be opened by the new Participant. The new account will receive the Receipt-in by default.

Procedure

The clearing member will submit the application for closing the clearing account to the Participant (old) in duplicate.

The Participant (old) will verify that the application for closing the clearing account is duly filled and if in order issue an acknowledgment to the clearing member on the duplicate copy.

If the application is not in order the Participant will return the application to the clearing member client for rectification.

The clearing member will submit the following documents to the Participant (new): Application for opening a clearing account

Letter from Clearing Corporation regarding allotment of CM- Id. Such a letter is not
required in case of BOISL.

Application for shifting of clearing account in the prescribed format as given in **Annexure 4**
Acknowledgment copy of the application for closure of the account from the previous Participant.

The Participant (new) will verify that the application for opening the account supported by the above-mentioned documents is duly filled.

If the application is not in order the Participant will return the application to the clearing member client for rectification.

If the application is in order, the Participant (new) will execute the agreement and give a copy of it to the clearing member.

The Participant (new) will forward the copy of the account opening form along with the above mentioned documents to NSDL.

NSDL will allot the clearing member a new CM-BP Id.

The Participant (new) will open the clearing account after the new CM BP Id is downloaded to its DPM and intimate NSDL.

The new account will be marked to receive receipts-in due on pay-out after NSDL receives intimation of creation of the new clearing account.

NSDL will intimate the old Participant to commence the procedure for closure of the account.

On receipt of intimation from NSDL, the Participant (old) will disable the standing instruction (if any). After the completion of one BOD/EOD cycle, the Participant 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 Participant will change the status of the account to "To be closed" and intimate NSDL accordingly.

On receipt of intimation from the Participant (old), NSDL will revoke the old CM-BP Id of the clearing member.

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

The Participant (old) will again verify the balances in the account. If the balances happen to be zero, the Participant will follow the procedure mentioned above.

If the balance in the old clearing account has not been reduced to zero within two weeks of the opening of the new account, the Participant (old) shall inform NSDL and the Clearing Corporation forthwith that the balance has not been reduced to zero.

CORPORATE ACTIONS
Corporate actions are benefits given by a company to its investors. The benefits arising to the investors out of the corporate actions may be either monetary benefits like dividend, interest or non-monetary benefits like bonus, rights, etc. NSDL facilitates distribution of corporate benefits. The Issuer announces a record date/book closure period for the purpose of entitlement of corporate benefits.

In case of monetary benefits, NSDL will give the beneficiary ownership details to the Issuer/R & T Agent. The Issuer/R & T Agent will carry out the necessary processing and the distribution of such benefits will be outside the system.

In case of non-monetary benefits, NSDL will give the beneficiary ownership details to the Issuer/ R & T Agent. The Issuer/R & T Agent will carry out the necessary processing and upload the beneficiary ownership details to NSDL. NSDL will then credit the beneficiary owners' accounts by downloading the data to the Participants.

Corporate Actions in the form of monetary benefits:
NSDL will inform the Participants about the record date/book closure as announced by the Issuer for the corporate action. NSDL will also inform the Participants about the no-delivery period as announced by the Clearing Corporation and the procedure to be followed thereof by issuing a circular.
On receipt of information about the book closure/record date, the Participant will take care : To update the changes in tax status, bank details, change of address etc. in the beneficial owners' accounts well in advance of the book closure/record date.

To clear positions in all the clearing accounts by transferring the relevant securities to relevant beneficiary accounts well in advance of the book closure/record date. The balances lying in the Clearing Accounts are reported to Issuer/R&T agent as transit account position.

Not to transfer the relevant securities to the Clearing Accounts till the EOD on the record date or the EOD on the business day prior to commencement of book closure in respect of such settlement periods as would be specified in the circular referred above.

To mention in the DPM the settlement number in which the securities will ultimately be settled and not the settlement number in respect of which there is no-delivery, while transferring securities to the clearing accounts.

To remain connected till EOD on the record date or the EOD on the business day prior to commencement of book closure.
NSDL will provide the details of the beneficial owners and their holdings as on the EOD of the record date or the EOD on the business day prior to commencement of book closure to the Issuer/R&T agent.

The Issuer/R&T agent will distribute dividend, interest and other monetary benefits directly to the beneficial owners on the basis of list provided by NSDL.

In respect of the balances reported as transit account position, the Issuer/R&T agent will keep the corporate benefits in abeyance till the beneficial ownership is determined.

Corporate Actions in the form of non-monetary benefits:
NSDL will inform the Participants about the record date/book closure as announced by the Issuers for the corporate actions. NSDL will also inform the no-delivery period as announced by the Clearing Corporation and the procedure to be followed thereof by issuing a circular.
On receipt of information about the book closure/record date, the Participant will take care : To update the changes in tax status, bank details, change of address etc. in the beneficial owners accounts well in advance of the book closure/record date.

To clear positions in all the clearing accounts by transferring the relevant securities to relevant beneficiary accounts well in advance of the book closure/record date. The balances lying in the Clearing Accounts will be reported to Issuer/R&T agent as transit account position.

Not to transfer the relevant securities to the Clearing Accounts till the EOD on the record date or the EOD on the business day prior to commencement of book closure in respect of such settlement periods as would be specified in the circular referred above.

To mention in the DPM the settlement number in which the securities will ultimately be settled and not the settlement number in respect of which there is no-delivery, while transferring securities to the clearing accounts.

To remain connected till EOD on the record date or the EOD on the business day prior to commencement of book closure.

NSDL will provide the details of the beneficial owners and their holdings as on the EOD of the record date or the EOD on the business day prior to commencement of book closure to the Issuer/R&T agent.

The Issuer/R&T agent will provide an option to the shareholders to be allotted securities either in physical or electronic form.

The beneficial owners who opt for electronic securities will indicate the DP Id and the beneficial owner account number in the form and send it to the Issuer/R&T agent.

The Issuer/R&T agent will issue securities in physical form in respect of those beneficial owners who do not indicate any choice.

The Issuer/R&T agent will provide allotment details and the date on which the necessary credit entries are to be made in the accounts of the beneficial owners (referred to as execution date) to NSDL.

NSDL will perform the necessary bookings and the relevant credit entries are booked in the DPM on the execution date.

The Participant will give the statement of holdings and transaction statement to the beneficial owners, giving the updated positions after the corporate action.

In respect of the balances reported as transit account position, the Issuer/R&T agent will keep the corporate benefit in abeyance till the beneficial ownership is determined.

PUBLIC ISSUES
The Issuer/R&T agent may provide an option to all the beneficial owners to be allotted securities either in physical or electronic form. In respect of those investors who opt for electronic securities, the Issuer/R&T agent will obtain the DP Id and the beneficial owner account number to which the securities are to be credited. The Issuer/R & T Agent will carry out the necessary processing and upload the beneficiary ownership details to NSDL. NSDL will then credit the beneficiary owners' accounts by downloading the data to the Participant.

Procedure
The Issuer provides an option to the beneficial owners to be allotted securities either in physical form or electronic form in the application form.

The beneficial owners who opt for electronic securities will indicate the DP Id and the beneficial owner account number in the application form and send it to the Issuer/R&T agent.

The Issuer/R&T agent will issue securities in physical form in respect of those beneficial owners who do not indicate any choice.

The Issuer/R&T agent will provide allotment details and the date on which the necessary

credit entries are to be made in the accounts of the beneficial owners (referred to as execution date) to NSDL.

NSDL will perform the necessary bookings and the relevant credit entries are booked in the DPM on the execution date.

The Participant will give the statement of holdings and transaction statement to the beneficial owners, giving the updated positions after the corporate action.

QUERIES AND REPORTS
BOD & EOD Process:

Every Business day starts with Beginning of Day processing initiated by NSDL. Only after this message is sent by NSDL, flow of messages between the DPM and DM is enabled. Subsequent to this the Participant can carry out regular activities. Reconciliation of positions takes place during end of day process. The DPM on receipt of the "end of the day" message will initiate internal reconciliation and also generate a reconciliation report to be sent to NSDL.

Beginning Of Day (BOD)

DM will send all Participant systems the message through the electronic link to start the activities for the business day. The business date at the DPM of a Participant will be updated to the business date decided by NSDL.

On receipt of the message the flow of messages from the DPM to the DM is enabled. The DM sends a number of messages to the DPM as part of BOD activity.
The DPM will receive and act on these messages by performing the required bookings. The DPM then allows a DPM user to enter and release requests to the DM.
The BOD message sent by the DM also includes the probable time for the EOD for the day.

End of Day (EOD)

The DPM disallows the DPM user from releasing any request {demat /remat / transfer (intra DP and inter DP)} "X" time before the probable time for EOD as given at BOD for the business day. The time period "X" is used by the DM for processing requests that came from the DPMs before "EOD-X" and waiting to be processed in their respective queues.

Changes in master data, acceptance or rejections of requests pending in their respective queues etc. are intimated to all DPMs by the DM at this time. The EOD message is sent by the DM after it has processed requests pending for the DPM and sent all intimations to each DPM. The message states that it is the last message of the day and is sensed as such by the DPM.

Once this message is received, the DPM initiates reconciliation of positions in the various accounts with the positions in the control accounts (accounts where bookings to any account is reflected through double entry). The suspense positions are reported as a part of the reconciliation statement.

The DPM checks for the following mapping of positions for each ISIN:

Client a/cs = Client control account House a/cs = House control
account Pool a/cs = Pool control account Delivery a/cs = Delivery control
account Receipt a/cs = Receipt control account Remat a/cs = Remat control
account Demat a/cs = Demat control account

Once positions are reconciled the DPM will generate reconciliation statements and beneficiary positions details reports to be sent to DM. These reports are sent online.

On receiving the reconciliation statements from the DPMs the DM will reconcile the positions mentioned by each DPM in its reconciliation statement with the positions in the Participant's positions maintained at its end.

The positions should tally for successful reconciliation. The DM will process the Beneficiary reports coming from the DPM and update the record of beneficiary owners as well as positions it maintains for each ISIN.

Failure during reconciliation

The DPM will generate an exception report on failure of reconciliation. Processing based on this report will be manual.
Each transaction will be checked
Corrections required to be carried out will be reported to the DM.

 Client Reporting
The Participant will report the following information to the clients:
1. transaction statement, statement of holding and financial statement to be given atleast once in a month days allotment details in case of primary market issues
2. In case of Basic Demat account such statements are required to be given one in a quarter.
3. Information regarding non-monetary benefits such as bonus, conversions etc. transfers executed, transfer requests pending execution,confirmed dematerialisation / rematerialisation requests rejected rematerialisation / dematerialisation/transfer requests suspension / freezing / defreezing of the account

5. RECORD MAINTENANCE
Participants are required to maintain an efficient system of filing. Copies of all documents directly affecting operations will be preserved. All documents on the basis of which data is entered/updated in the system will be preserved. All correspondence between Participant and clients / Issuer / R&T agent / trading members / clearing members / companies will be preserved. All the records are to be maintained by the Participants for a period of five years.

Client Maintenance
Copies of the following documents are to be preserved:
Forms submitted by clients to the Participant for account opening / closing / freezing / defreezing

Correspondence from clients etc., on the basis of which client details are updated in the DPM.

The Participant will specifically ask for income tax status related information from the client, to be provided on an annual basis.

Dematerialisation

Copies of the following documents pertaining to the dematerialisation process will be preserved by the Participant :

copy of Dematerialisation Request Form (DRF) filled by the client certificate details of securities sent for dematerialisation

courier receipts and proof of delivery (POD) of despatches

Objection memo + certificate details of rejected securities against the DRN

Rematerialisation

Copies of the following documents pertaining to the rematerialisation process will be preserved by the Participant :

copy of Rematerialisation Request Form (RRF) submitted by the client courier receipt and Proof of Delivery (POD) of despatches of RRF

Transfer of securities

Copies of the following documents will be preserved:

transfer request forms submitted by the clients copy of RBI approval wherever applicable.

Pledge and Hypothecation

forms submitted by clients for pledge creation, closure and invocation. forms submitted by clients for confirmation of pledge creation and closure. forms submitted by clients for hypothecation creation, closure and invocation.

forms submitted by clients for confirmation of hypothecation creation, closure and invocation.

Filing will be such as to enable quick retrieval of all documents pertaining to a client account including all transactions requested by the client.

The Participants will take a daily backup of the system database. This will include all reports received from and sent to DM.

Record of all actions taken on the exception reports generated by the system has to be separately preserved along with the copy of the exception report.

GLOSSARY

1.	BO	Beneficial Owner means a person whose name is recorded as such with a Depository.
2.	BOD	Beginning of Day for the commencement of operations as defined by the system.
3.	BP	Business Partner. This refers to all external agencies interacting with NSDL (Share Registrars, Clearing Corporations, Clearing Members, Other Depositories and Participants).
4.	CA	Corporate Actions.
5.	CC	Clearing Corporation of a stock exchange responsible for clearing and settlement of funds and securities for the trades executed on the exchange.
6.	CLIENT ID	Client Identification (Account) Number - being a unique number which is allotted to each Beneficial Owner opening an account with a Participant.
7.	CM	Clearing Member registered with a CC.
8.	CM-Id	Clearing Member Id allotted by a CC.
9.	CM-BP-Id	Id allotted by NSDL to the Clearing Member.
10.	DM	Depository Module which maintains the details about the Participants and handles requests from the Participants of the Depository system.
11.	Delivery Out	Delivery out order is an instruction to transfer securities from the clearing account of a CM to a CC. The CM can fulfill its delivery obligation for trades of electronic securities through delivery out order.
12.	DP ID	Participant Identification Number - a unique number which is allotted to each participant by the Depository on registration with it as a business partner. For a Participant, its BP-Id and DP-Id are the same.
13.	DPM	Depository Participants Module which maintains details about the clients and handles requests from clients of the Depository Participants.
14.	DRF	Dematerialisation Request Form which is filled by the client for the purpose of dematerialisation
15.	DRN	A unique number (system generated) for every Dematerialisation request.
16.	EOD	End of Day - a term used for the signal from the DM to DPMs to stop processing any transactions for the day. The term also denotes the batch processes like reconciliation that the DM and DPM process at the end of the day.
17.	ISIN	Refers to the International Securities Identification Number. This is a unique identification number for each security allotted by SEBI
18.	PARTICIPANT	Refers to the Depository Participant who has entered into an agreement with the Depository
19.	RI Statement	Receipt -in Statement. This is given by the CC to NSDL.
20.	RRF	This is Rematerialisation Request Form which is to be filled by the client for the purpose of rematerialisation of securities.
21.	RRN	A unique number (system generated) for every Rematerialisation request.
22.	Standing Instruction	An instruction given by the CM to its Participant authorising receipt of all credits into its account.