



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/A,I&C/DP/1856

January 11, 2010

COMPLIANCE MANUAL FOR DEPOSITORY PARTICIPANTS

DPs are advised to refer to communiqué no. **CDSL/A,L&C/DP/1724** dated September 24, 2009 whereby we had released Compliance Manual updated till August 2009.

An updated version of Compliance Manual updated till **November 30, 2009** has now been prepared, which will provide a one-point reference for the compliance related matters pertaining to depository business. While every effort has been made to compile various relevant regulatory provisions and important procedures, this manual is not meant to be a substitute for the same. Compliance Officers are advised to refer to the original source for the sake of completeness on any compliance-related matter.

The updated Compliance Manual – November 2009 is enclosed in two forms i.e. with highlighted changes as Annexure-A and the final copy without highlighting changes as Annexure-B. The final copy is also made available on CDSL's website www.cdslindia.com under option: About CDSL – [More >>] - Bye Laws – **COMPLIANCE MANUAL FOR DPs**. The website link is as follows:
http://www.cdslindia.com/downloads/Compliance_Manual/Compliance-Manual-November%2009.pdf

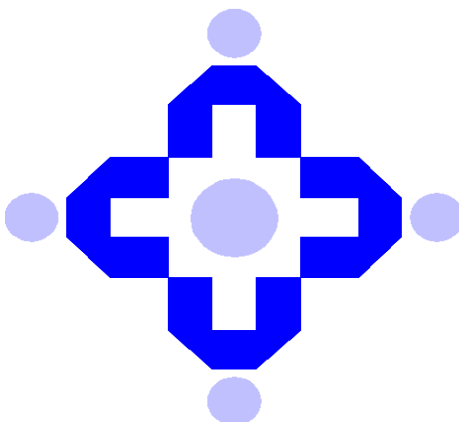
Suggestions or queries regarding this communiqué may be addressed to Mr. Suhas Khot at skhot@cdslindia.com.

sd/-

Nayana Ovalekar
Vice President – Audit, Inspection & Compliance

ANNEXURE - A
[changes highlighted]

Central Depository Services (India) Limited



Compliance Manual for Depository Participants

November 2009

Version 5.0

TABLE OF CONTENTS

PREFACE	<u>3</u>
LIST OF ABBREVIATIONS / REFERENCES USED.....	<u>4</u>
ACCOUNT OPENING / MODIFICATION	<u>5</u>
DEMATERIALISATION	<u>43</u>
INSTRUCTION PROCESSING	<u>51</u>
TRANSMISSION.....	<u>65</u>
STATEMENT OF ACCOUNTS.....	<u>73</u>
PLEDGE /UNPLEDGE/ INVOCATION.....	<u>78</u>
REMATERIALISATION	<u>81</u>
FREEZE / UNFREEZE	<u>84</u>
ACCOUNT CLOSURE.....	<u>87</u>
INTERNAL CONTROLS / REPORTING TO CDSL	<u>94</u>
GRIEVANCE REDRESSAL	<u>109</u>
RECORD MAINTENANCE	<u>111</u>
RECONCILIATION	<u>115</u>
SYSTEM / CONNECTIVITY	<u>117</u>
ASSIGNMENT OF BUSINESS.....	<u>124</u>
CODE OF CONDUCT.....	<u>131</u>
PREVENTION OF MONEY LAUNDERING ACT 2002 (PMLA)	<u>135</u>

PREFACE

Depository Participants (DPs) are the frontline entities dealing directly with the investors. With increased activity in dematerialised mode, the volume and complexities of DP operations have increased considerably. This manual is intended to serve as a one-point reference guide for the DP about the various legalities and compliance to be adhered to in his business operations.

The Depositories Act 1996 (The Act), SEBI (Depositories and Participants) Regulations, 1996, the Bye-Laws of CDSL, Operating Instructions of CDSL, Agreement between CDSL and DPs, various circulars issued by SEBI and Communiqués issued by CDSL require the DPs to comply with certain procedures relating to functions in depository system. This manual highlights the compliance requirements by the DPs.

In terms of Regulation 58B of SEBI (Depositories and Participants) Regulations, 1996, the DP has to appoint a Compliance Officer who shall be responsible for monitoring of the compliance of the Act, rules, regulations, notifications, guidelines, instructions etc. as well as compliance with the Bye-Laws and Operating Instructions. This manual will be particularly useful for the compliance officers.

While every effort has been made to compile various relevant provisions of the Depositories Act 1996, SEBI (Depositories and Participants) Regulations, 1996, Bye-Laws of CDSL, Operating Instructions of CDSL, Agreement between CDSL and DP various Circulars issued by SEBI and Communiqués issued by CDSL up to 30.11.2009, this manual is not meant to be a substitute for the same.

CDSL 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.

LIST OF ABBREVIATIONS / REFERENCES USED

Abbreviation/ Reference	Term
AOF	Account Opening Form
ACF	Account Closure Form
BO	Beneficial Owner
BSE	Bombay Stock Exchange Ltd.
Bye Law	Bye Law of CDSL
CDAS / System	Central Depository Accounting System.
CDSL	Central Depository Services (India) Limited
Clause	Clause of Agreement between CDSL & DP
CC	Clearing Corporation
CH	Clearing House
CM	Clearing Member
CM CISA	Clearing Member Investors Securities Account
CM USA	Clearing Member Unified Settlement Account
Comm.	Communiqué i.e. Circulars issued by CDSL to DPs
CS	Company Secretary
DP	Depository Participant
DRF	Dematerialisation Request Form
DRN	Dematerialisation Request Number
FII	Foreign Institutional Investor
FN	Foreign National
FRF	Freeze Request Form
HUF	Hindu Undivided Family
ID	Identity
IRF	Invocation Request Form
ISIN	International Securities Identification Number
MD	Managing Director
NRI	Non-Resident Indian
OCB	Overseas Corporate Body
Operating Instruction(s)	Operating Instruction of DP Operating Instruction Manual
PAN	Permanent Account Number
POA	Power of Attorney
PRF	Pledge Request Form
PSN	Pledge Sequence Number
RBI	Reserve Bank of India
Regulation	Regulation of SEBI (Depositories and Participants) Regulations, 1996
RRF	Rematerialisation Request Form
RRN	Rematerialisation Request Number
RTA	Registrar & Transfer Agent
SEBI	Securities & Exchange Board of India
Section	Section of Depositories Act, 1996
SGL	Subsidiary General Ledger
TRF	Transmission Request Form
TRPF	Transposition Request Form

URF	Unpledge Request Form
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ACCOUNT OPENING / MODIFICATION

General

Reference	Compliance Requirement	Remarks
Section 5, Regulation 41, Bye law 5.4.1 & 13.1.5 & Operating Instruction 2.4.3	➤ Before opening an account the DP shall ensure that an agreement in the format as specified under CDSL Bye-Laws has been entered with all the prospective BOs, except for the categories of BOs as specified under Bye Law 5.4.1.1.	Exception – One BO agreement for all accounts opened for a CM of an Exchange.
Bye law 13.1.4 & Operating Instruction 2.4.4 Comm. 888 dated May 03, 2007 Comm. 892 dated May 04, 2007	➤ The DP shall ensure that the BO account is opened on the basis of an Account Opening Form, duly complete in all respects submitted by the prospective BO to the DP along with the prescribed documents. ➤ The DP shall ensure that permanent address information regarding second and third account holders, if any, is obtained while opening new accounts.	Separate forms are provided for individuals and for entities other than individuals.
Operating Instruction 2.4.4	➤ However, the DPs can obtain a single form from the CM for opening the multiple accounts of same Exchange e.g. CM Principal, CM USA & CM CISA accounts for BSE.	
Regulation 42 (1), Bye Law 5.3.4 / 5.4.6/ 13.1.2 & Clause 9	➤ A separate account must be opened for each BO and the DP must ensure that the securities of the BO are segregated and not mixed with its own securities.	
Operating Instruction 2.4.1	➤ A Power of Attorney holder cannot open a demat account on behalf of the BO.	
Operating Instruction 2.4.4	➤ Those sections of Application Form which are not relevant to a particular type of BO, should be marked 'Not Applicable' (N.A.).	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.6	➤ The passport size photograph of each applicant should be pasted on the account opening form. The BO should sign across the photograph and on the account opening form.	
Operating Instruction 2.4.13	➤ Photocopies of documents submitted by a BO should be obtained and maintained on regular paper and not on thermal paper.	
Operating Instruction 2.4.12	➤ The DP shall take special care to check the genuineness of the client, if disproportionately large number of accounts (say more than 20) are opened with the same name and / or same address and / or with the same bank account details / PAN card details.	
Operating Instruction 2.4.5	➤ BO accounts to hold securities cannot be opened in the name of proprietary concern / partnership firms. Such accounts should be opened in the individual names of proprietor / partner(s).	
Operating Instruction 2.4.2 & 2.4.8 Operating Instruction 2.4.15	➤ For opening a beneficial owner account. ➤ A BO wishing to open an account should approach a DP. ➤ The staff of the DPs must personally verify the identity and address while opening the BO account and the record of the person who carried out such verification should be maintained. ➤ The DP must verify the copies of the documents with original before accepting the same as valid. ➤ An authorized official of the DP, shall put the 'verified with the original' stamp on the copy after verification with the original documents and sign the same.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.8.1	➤ <u>“IN-PERSON” verification of applicants at the time of opening demat accounts of non body corporates</u> ➤ The authorized official of the DP should personally verify the photograph(s) affixed in the account opening form and proof of identity document(s) with the person concerned, before opening demat accounts of non-body corporates ➤ After due verification, the DP should affix a stamp on the document(s) collected as proof of identity to the effect that the identity of the applicant(s) is verified “in person” and the copy of the valid proof of identity documents have been “verified with original”. ➤ The authorized official of the DP who has done in-person verification and verified the documents with original should sign under the DP stamp. ➤ DPs may stamp or print the "in-person" verification details on any page of the account opening form so that the other details mentioned in the AOF are not made illegible. The staff of the DP who has done "in-person" verification should sign under the DP stamp. ➤ Attachment of a separate sheet or a sticker to the Account Opening Form having done "in-person" verification will not be allowed. ➤ “Web-camera” may be used to carry out “in-person” verification at the time of opening of BO accounts, subject to compliance with other SEBI guidelines/circulars and CDSL’s DP Operating Instructions, relating to opening of non-corporate BO accounts including verification of documents.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3 Operating Instruction 2.4.9 Comm. 666 dated March 8, 2006 Operating Instruction 2.4.10 Operating Instruction 2.3 SEBI circular 20/2008 dated June 30, 2008	<u>Pan Card Details</u> ➤ Obtaining Pan Card details of all the holders is compulsory for all categories of demat account holder(s). PAN would be the sole identification number for all participants transacting in the securities market irrespective of the amount of transaction. ➤ Details of PAN card submitted by an applicant should be verified with the name and other details appearing on the website of Income-Tax Department. ➤ After verifying the details of PAN, the DP staff should affix a stamp as “VERIFIED WITH ORIGINAL” and sign on the photocopy of the PAN card(s). ➤ Photocopies of PAN Cards so obtained should be kept on record along with other documents pertaining to the accounts. ➤ In case the names do not match or the PAN card details are not present in the PAN card database, DP should seek clarifications from the applicant and activate the account only when the discrepancy is resolved. ➤ Certain categories of BOs viz Custodian, Governor, Commodity accounts, President of India, Sikkim Resident, UN entities/ Multilateral Agencies, Deceased Holder are exempted from obtaining PAN card details. Further, Central Government, State Government, and the officials appointed by the courts e.g. Official Liquidator, Court receiver etc. (under the category of Government) are exempted from the mandatory requirement of PAN for transacting in the securities market, subject to the DPs verifying the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an	The DP should ensure that proper documentation supporting exemption is kept on record

Reference	Compliance Requirement	Remarks
	exemption.	
Operating Instruction 2.4.18	➤ In case of BOs having different sub-status for different ISINs, the DP must ensure that a separate BO account is opened for each BO sub-status.	
Operating Instruction 2.4.19	➤ The DP shall scan the signature (s) of the BO(s), authorized signatory(ies) and Power of Attorney holder(s), if any, at the time of account opening or immediately thereafter.	In case of authorized signatories and POA holders, the mode of operations should also be recorded in CDAS.
Operating Instruction 2.4.25	➤ DPs should collect proof of bank details. Any one of the following documents may be collected :- (i) Photocopy of the cancelled cheque having the name of the account holder where the cheque book is issued. (ii) Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old. (iii) Photocopy of the Passbook having name and address of the BO. (iv) Letter from the Bank. ➤ In case of option (ii), (iii) and (iv) above MICR code of the branch should be present/mentioned on the document and it should be self certified by the BO.	
Operating Instruction 2.3	The documents / information to be submitted by various categories of BOs while opening BO account :-	
Operating Instruction 2.3.1	<u>Individuals :</u> <u>A. Proof of Identity:</u> i. Passport ii. Voter ID Card iii. Driving License iv. PAN Card with photograph v. Identity Card/document with applicant's photo, issued by	

Reference	Compliance Requirement	Remarks
	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 g. Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc. to their Members h. Credit cards / Debit cards issued by Banks <u>B. Proof of Address</u> i. Ration Card ii. Passport iii. Voter ID Card iv. Driving License v. Bank passbook vi. Verified copies of – a. Electricity bills (not more than two months old) b. Residence Telephone Bills (not more than two months old) c. Leave and License Agreement / Agreement for sale vii. Self-declaration by High Court & Supreme Court judges, giving the 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 g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to	

Reference	Compliance Requirement	Remarks
	their Members. ➤ The abovementioned documents are the minimum requirements for opening a demat account. The DPs should exercise due diligence while establishing the identity of the persons to ensure the safety and integrity of the depository system.	
Operating Instruction 2.3.2	<u>Correspondence Address:</u> ➤ A BO has the option of indicating address of correspondence in the AOF. ➤ This is applicable to all types of investors. ➤ If correspondence address of the BO is not the same as permanent address, then the DP should obtain proof of permanent address as well as correspondence address and both must be entered in the system. ➤ If BO wishes to receive his correspondence at the address of some other entity – such as POA holder for NRI, for IPO / Margin financing etc., the above mentioned proof of address documents in the name of such other entities may be accepted as proof of correspondence address of the BO, provided the same is mentioned in the account opening form. In all such cases, the DP should ensure that proof of permanent address for the BO has been obtained and the same has been entered in the system.	
Operating Instruction 2.3.3,	<u>Minor</u> ➤ The minor should be the first and sole holder in the account i. e. there should not be any joint account where a minor is a first/second/third holder. ➤ Documents to be obtained are :- • PAN card of the minor. • PAN card of the guardian	

Reference	Compliance Requirement	Remarks
	• Birth Certificate of the minor. • Proof of address and proof of identity documents of the guardian. • One passport size photograph of minor and guardian with their signatures across the photograph. Guardian should sign across photograph of the minor. ➤ According to the Hindu Guardians and Wards Act, natural parents i.e. father and in his absence mother only can be the guardians. In any other event, the guardian has to be appointed by a court. In case of death of Guardian of existing Minor account holder : ➤ In the case of death of the guardian of an existing minor account holder, the following procedure shall be followed: • Original Death Certificate of the deceased Guardian or a copy of the same, duly notarized or attested by a Gazetted Officer. • The minor's account shall be frozen under the appropriate reason code till the new guardian has completed all formalities. • Original or copy of the Court Order (duly notarized or attested by a Gazetted Officer), if the new guardian has been appointed by the Court. • The new guardian shall submit a new account opening form duly complete in all respects. • The new guardian shall submit proof of identity and proof of address as per the applicable operating procedure in force at the given point of time. • One passport size photograph of the	

Reference	Compliance Requirement	Remarks
	minor and one passport size photograph of the new guardian, with the new guardian's signature across both the photographs (pasted on the account opening form). • PAN of the new guardian • A fresh DP-BO agreement shall be executed between the DP and the new guardian. • The new guardian shall submit a fresh Nomination Form for the minor's account. • After verification of the AOF and documentation, details of the Guardian of the Minor account holder shall be suitably modified in the CDSL system. • The signature of the deceased guardian shall be deleted and the signature of the new guardian shall be recorded in the CDSL system. • POA documents/details, if any, recorded with the signature of the deceased guardian shall be deleted. <u>After the minor has attained majority following procedure has to be followed :</u> ➤ The account holder should submit proof of his / her identity and proof of address. ➤ The account holder should submit a new accounting opening form duly complete in all respects along with documents mentioned for individual and enter into a fresh agreement with DP duly signed by the account holder and DP. ➤ The guardian's details should be deleted and guardian's signature should be replaced by account holder's signature. ➤ This procedure is to be followed only when the word 'minor' is not appearing in the field in CDAS for account holder's name. In case the word 'minor' is appearing in the name of the account then the existing account has to be closed and a new	

Reference	Compliance Requirement	Remarks
	account will have to be opened.	
Operating Instruction 2.3.4	<u>HUF</u> ➤ All the documents, as mentioned above for account opening of individual investors, will be required to be submitted for the Karta of HUF. ➤ PAN card and bank passbook of HUF indicating its existence. ➤ PAN card of the Karta. However, PAN details of the HUF entity to be entered in CDSL system. ➤ Declaration by the Karta giving details of the family members of the HUF with their names, date of birth, sex and relationship with the Karta. ➤ The Karta should sign the AOF and the declaration under the stamp of HUF. ➤ HUF accounts cannot be opened with joint holders. ➤ No nomination can be made in HUF account. <u>On the death of the Karta</u> An HUF does not cease to exist on death of the Karta. The new Karta shall submit following documents along with notarised copy of death certificate of the deceased karta: (a) a No-Objection letter from the remaining members of the HUF authorizing him to act as the karta. (b) a fresh declaration. (c) an account modification form requesting the DP for change in the signature of the Karta in the existing account. <u>Partition of HUF</u> Partition of HUF can be either a partial partition or full partition. In the event of partial partition, the existing account can be continued. In the case of full partition the HUF gets dissolved and the existing BO	

Reference	Compliance Requirement	Remarks
Instruction 2.4.8.2	verify the NRI/FN client), the DP should ensure that: • photocopies of all the KYC documents/proofs and PAN card are attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI or FN resides. • The attesting authority should affix a “verified with originals” stamp on the said documents. The photocopies of the KYC documents and PAN card should also be signed by the NRI/FN. • If the NRI or FN comes in person to open the account, the above attestation requirement may be waived. <u>Change of Status</u> It is the responsibility of NRI account holders to inform to the DP the change in his / her status as NRI to Resident. The DP should open a new account with the status of the BO as Resident. Holdings in the existing account should then be transferred to the new account. The old account should then be closed.	
Operating Instruction 2.3.5	<u>Corporate: (Domestic or Foreign)</u> ➤ Memorandum and Articles of Association & Certificate of Incorporation of the Corporate Investor. ➤ Certified True Copy of the Board Resolution, duly certified by Managing Director / Company Secretary, authorising opening of a Demat Account and specifying name of persons authorized to open and operate the Demat account. It should specify the manner of operation of the account by the authorized persons. ➤ Names of authorized signatories, their designation, photographs and their specimen signatures duly verified by the Managing Director or the Company Secretary.	

Reference	Compliance Requirement	Remarks
	➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return.	
Operating Instruction 2.3.7	<u>CMs</u> <u>(a) If the CM is a Corporate Body</u> ➤ Certified true copy of certificate of registration with SEBI, duly certified by the Managing Director / Company Secretary ➤ Certified true copy of Board Resolution duly certified by the Managing Director / Company Secretary specifying persons authorised by the Board to open and operate the account. The resolution must specify the manner of operation of the account by the authorized persons. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company & Certificate of Incorporation of the Corporate Investor. ➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>(b) If CM is not a Corporate Body:</u> ➤ Account to be opened in the name(s) of individual(s). (Maximum three holders) ➤ Copy of Certificate of Registration with SEBI duly notarized. ➤ One Passport size photograph of each applicant duly signed across the photograph. ➤ All the documents, as mentioned above for account opening of individual investors	
Operating Instruction 2.3.8	<u>FIIs</u> ➤ Certified True Copy of certificate of registration with SEBI, certified by	

Reference	Compliance Requirement	Remarks
	Managing Director / Company Secretary. ➤ Certified true copy of the Board Resolution, duly certified by Managing Director / Company Secretary authorizing persons to open and operate the account and specifying the manner of operation of the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly certified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company, if any.	
Operating Instruction 2.3.9	<u>OCBs</u> ➤ Copy of RBI Registration Certificate. ➤ Certified true copy of the Board Resolution, certified by Managing Director / Company Secretary, authorizing persons to open and operate the account and specifying the manner of operation of the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company. ➤ Declaration from the OCB that it meets with guidelines issued by RBI / Ministry of finance ➤ Certificate from overseas auditors in form OAC or OAC – 1, as may be applicable. ➤ Statement of A/C from the bank.	
Operating Instruction 2.3.10	<u>Registered Societies</u> ➤ Copy of Certificate of Registration under the Societies Registration Act, 1860. ➤ List of Managing Committee members. ➤ Certified true copy of Resolution of the Managing Committee for persons authorised to open and operate the account and specifying the manner of	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.10 SEBI circular 09/06 dated July 20, 2006	operation of the account. ➤ Names of the Authorised signatories, designation, photograph (with signatures across the face of the photograph) and their specimen signatures. ➤ Copy of Society's Rules and Bye Laws duly certified by the Chairman / Secretary. ➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>Unregistered Society</u> ➤ The account should be opened in the names of the members under "Individual" category (maximum three persons). ➤ All the documents as applicable for account opening under individual category should be obtained. ➤ The proof of address / identity documents of the individual members should be obtained for account opening. ➤ PAN card of society	
Operating Instruction 2.3.11.1	<u>Public Trust / Charitable Trust and Trust capable of holding property in its name:</u> ➤ Account to be opened in the name of the Trust. ➤ Trust Deed and Rules. ➤ List of Members on the Board of Trustees. ➤ Certificate of Registration of Trust under the Societies Registration Act, 1860 / Bombay Public Trust Act, 1950 / Public Trust Act, of relevant State. ➤ Certified true copy of Board Resolution to open the Demat account and specifying the persons authorised by the Board to act as Authorised Signatory(ies) to operate the demat account. ➤ Names of the Authorised Signatories, Designation, photograph (with their	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.11.2	signatures across the face of the photograph) and their specimen signatures duly verified by the Managing Trustee. ➤ PAN card of the trust ➤ Proof of registered office address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>Private Trust</u> ➤ Account should be opened in the names of individual trustees (maximum three), under “Individual” category. ➤ The board of trustees shall specify the names of the trustees who shall hold / operate the demat account. ➤ The proof of address and proof of identity documents of the trustees should be obtained for account opening. ➤ PAN card of the Trust	
Operating Instruction 2.3.11.3	“Recognised” Funds/ Trusts/ Other Similar Entities: (i) The Funds/ Trusts/ Entities presently included under this category are as follows: (a) Employees Provident Fund, which have been recognized by the Provident Fund Commissioner under Employee’s Provident Funds & Miscellaneous Provisions Act, 1952. (b) Employees Gratuity Fund, which are formed under Payment of Gratuity Act, 1972. (c) Superannuation Fund which are formed under the guidelines issued by Income Tax Department. (d) Venture Capital Funds which are registered by SEBI.	

Reference	Compliance Requirement	Remarks
	(e) ESOP Trust formed pursuant to the guidelines issued by SEBI). (ii) Accounts of the above Funds/ Trusts/ Entities should be opened in the name of above Funds/ Trusts/ Entities as they are recognized either under the Income Tax Act or Securities & Exchange Board of India, etc. (iii) Documents to be furnished by the above Funds/ Trusts/ Entities and other Funds/ Trusts/ Entities which are similarly placed are: 1) Certificate of Registration, if any, issued by the authority recognizing the Fund/ Trust/ Entity as such; 2) Trust Deed and Rules and/or any document or charter defining their constitution and providing for management thereof; 3) List of Members on the Board of Trustees/Governing Body; 4) Certified true copy of the Resolution passed by the Board of Trustees/Governing Body to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account; 5) Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee; 6) One passport-size photograph of each of the authorized signatory(ies) with their signatures across the face of the photograph; 7) PAN cards issued to such Fund/Trust/Entity; 8) Proof of registered office address evidenced by document registered with registering authority or bank statement or agreement for sale or leave-and-license agreement or acknowledged copy of	

Reference	Compliance Requirement	Remarks
	Income Tax Return.	
Operating Instruction 2.3.12	<u>Banks</u> ➤ Certified true copy of Board Resolution. OR ➤ Letter on the letterhead of the bank, signed by the Chairman / Managing Director authorizing the persons to open and operate the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Chairman / Managing Director. ➤ Memorandum and Articles of Association & Certificate of Incorporation or copy of RBI registration in case of Scheduled/Co-operative banks. ➤ Proof of address evidenced by documents registered with registering authority or agreement for sale or leave and license agreement or acknowledged copy of income tax return	
Operating Instruction 2.3.13	<u>Foreign Nationals</u> ➤ Copy of passport or certificate from the bank. ➤ The foreign address containing Post Office Box Number (P.O. Box No.) may be accepted, as valid address provided such P.O. Box No. is mentioned in the valid proof of address documents. ➤ The address with P.O. Box No. may be accepted as Permanent and/or Correspondence address. In such cases, additionally, the DPs should obtain the complete residential address of the Foreign National BO, under declaration at the time of opening of the account. ➤ Such BO shall give an undertaking that whenever there is a change in the residential address, the BO shall inform	

Reference	Compliance Requirement	Remarks
	the DP. ➤ Other documents – same as NRI.	
Operating Instruction 2.3.14	<u>Association of Persons (AOP)</u> ➤ Objects of the association ➤ Powers of the Managing Committee ➤ Resolution authorizing persons to open a Demat account and operate the account. ➤ Names of the authorized signatories, photographs with their specimen signatures, duly authorized by a member of the governing board. ➤ Copy of Bye-Laws of the AOP. ➤ Copy of the PAN card in the name of AOP	
Operating Instruction 2.3.15	<u>Mutual Funds</u> ➤ SEBI Registration Certificate clearly indicating the address of the mutual fund. ➤ PAN card of the Mutual Fund	
Operating Instruction 2.3.16	<u>Escrow Accounts</u> ➤ DPs are advised to consider following points while opening Escrow Accounts: • The escrow account should be opened in the name and form of Issuer name. • Reasoning for opening the escrow account. • Operated by. • Operator name. ➤ Proof of address and proof of identity should be obtained for the entity who is opening the account ➤ Name, designation along with the photographs of authorized signatories who will be opening the as well as who will be operating the account should be obtained. ➤ PAN card of both the parties i. e. Corporate entity and Escrow Agent should be obtained. The PAN details of the Corporate entity should be captured in the CDSL system	

Reference	Compliance Requirement	Remarks
	➤ Copy of the Escrow Agreement duly signed by the parties should be obtained. Validity of escrow account ➤ The escrow account shall be active for the limited period of the activity for which it has been opened. ➤ Such period shall be as specified by SEBI / CDSL or any such regulating authority from time to time. ➤ After the specified period is over the account should be closed by the DP irrespective of whether the closure instruction is received from the account holder or not.	
Operating Instruction 2.3.18	<u>Demat Account for Unclaimed Shares of a Listed Company</u> ➤ If a listed company wishes to open a demat account for dealing with "unclaimed shares", such an account shall be opened as "<Issuer Name> - Unclaimed Securities Suspense Account." ➤ The suspense account shall be held by the Issuer purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when he/she approaches the Issuer. ➤ The Board Resolution and all other documents as prescribed by SEBI and CDSL for opening a Corporate Account shall be obtained. ➤ The Issuer shall furnish a declaration on its letterhead, signed by the authorized signatories, stating that: "We hereby undertake that we will ensure compliance with the provisions of SEBI Circular no.	

Reference	Compliance Requirement	Remarks
	SEBI/CFD/DIL/LA/1 /2009/24/04 dated April 24, 2009 related to the procedure for dealing with unclaimed shares. We further undertake that the said suspense account will only be used for the purpose as specified in the said SEBI circular." ➤ Credits to the demat account: Any corporate benefits in terms of securities accruing on such unclaimed shares, shall be credited to such demat suspense account. ➤ Debits to the demat account: The Issuer shall debit the shares lying in the suspense account and credit the same to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity/bonafides of the allottee.	
Operating Instruction 2.3.19	Limited Liability Partnership Firm (registered under the Limited Liability Partnership Act (2008)) ➤ Such an account shall be opened as <"Company Name" Limited Liability Partnership> or <"Company Name" LLP>. ➤ The DP should obtain following documents : • Registration Certificate granted by the Registrar to the LLP under the LLP Act 2008. • Declaration, on the letterhead of the LLP signed by all the designated partner/s clearly stating that the within named persons, who are designated partners of the LLP, have been nominated as authorized signatories to open and operate the	

Reference	Compliance Requirement	Remarks
	said demat account on behalf of the LLP. • The declaration shall specify the manner in which the account will be operated, that is: jointly or severally and shall give details of the names, addresses and DPIN [Designated Partner Identification Number allotted by the Registrar for each designated partner], along with their signatures and photographs. • The bank details in the name of the LLP, as sole / first holder in the bank account. • PAN Card of the LLP. The details of the PAN card to be entered in the CDSL system. • PAN card of the authorized signatories to be kept on record. • Proof of address evidenced by documents registered with the registering authority or bank statement or agreement for sale or leave and licence agreement or acknowledged copy of Income Tax Returns, in the name of the LLP. • In case of change in registered office address of the LLP, the DP should take on record the notice of change of address filed by the LLP with the Registrar. ➤ Joint holders in the demat account is allowed. ➤ Nomination in such demat accounts shall not be allowed. ➤ Such demat accounts shall be opened under “Corporate” status in the CDSL system with the sub-status “Limited Liability Partnership”.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.1	Bank Statement as Proof of Address: ➤ A computer-generated statement without signature/stamp of the bank (showing the name and address of the BO and bank transactions during a period, printed on the Bank stationery) can be accepted as a valid proof of address only if duly attested by the concerned Bank under the stamp and signature of the bank official. OR ➤ Original bank statement (showing the name of the BO, address of the BO and bank transactions during a period, printed on the bank stationery) self attested by the BO along with cancelled cheque (in original) pertaining to the said bank account, without bank attestation as mentioned above can be accepted as valid proof of address provided that such original bank statement is not more than 2 quarters old. OR ➤ A copy of the Bank Statement along with a copy of cheque can be accepted as valid proof of address provided that: a. The authorized official of the DP verifies the photocopies of the bank statement and cheque submitted, with their corresponding originals and ensure that both pertain to the same bank account and, thereafter, place his signature, name and date on them, with the remark: "VERIFIED WITH ORIGINAL" b. The copy of the bank statement clearly displays the logo and name of the Bank, the BO's name, address, account number and transactions/balance. The date on the	

Reference	Compliance Requirement	Remarks
	bank statement should not be more than two quarters old, based on the date of receipt of the Account Opening Form. ➤ In addition to above requirements, in the case of e-statements the same can be accepted as valid proof of address only if copy of the cheque with name of the BO pre-printed on it is submitted. ➤ The bank details (including account number) mentioned on the bank statement should be identical to the details mentioned on the cheque.	
Comm. 662 dated February 25, 2006.	<u>Refunds through ECS and bank details</u> ➤ DP should compulsorily obtain the bank details from investors when fresh accounts are being opened. In the case of existing accounts, the bank details have to be obtained from the BO and updated in the CDSL system to ensure credit of refunds to the correct bank accounts of the applicants. ➤ BOs should be advised not to change the bank details given in the share application till the record date declared for the corporate action.	
Operating Instruction 2.4.6 & 2.4.24	➤ A demat account can be opened with maximum three joint holders. ➤ All correspondence/queries relating to BO accounts shall be made to the First Holder only at the correspondence address recorded in the system.	For exception please refer – “Account Opening by more than three Holders”
Operating Instruction 2.4.20 Bye Law 13.1.6 & Operating Instruction	➤ The DP should record the unique BO-ID generated by the system on the original AOF. ➤ Once the account is activated, the DP should inform the BO of the BO account number through a system generated	

Reference	Compliance Requirement	Remarks
2.4.23	confirmation letter. ➤ Necessary forms (such as DRF, TRPF, PRF etc) and instructions slips booklet shall be forwarded to BO along with the letter. ➤ The DP should maintain proof of dispatch of such letter alongwith the forms and instruction slips. ➤ The letter along with other documents mentioned above may also be given to the BO if the BO wants to collect the same in person. Proof of such delivery should be maintained by the DP.	
Bye Law 9.1 & 9.2 Comm. 1031 dated January 25, 2008. Bye Law 15	<u>Account opening by CMs</u> ➤ A CM who is a participant in CDSL shall open such accounts as may be specified in the Operating Instructions for the purpose of settlement of trades with the Clearing Corporation. ➤ A CM who is not a participant in CDSL may open such accounts (as may be specified in the Operating Instructions) for the purpose of settlement of trades with the clearing corporation after entering into an agreement with the participant in prescribed format. <u>Account opening for Securities Lending and Borrowing</u> ➤ Any beneficial owner intending to lend or borrow securities, may do so in the manner laid down under SEBI (Securities Lending Scheme), 1997 or any amendments made thereto from time to time. ➤ BSE Clearing Member will be required to open three accounts with any DP of CDSL namely a) Principal Account b) Unified Settlement Account and c) Clearing Member Investor Securities Account (CISA). ➤ NSE Clearing Member will be required to	

Reference	Compliance Requirement	Remarks
	open two accounts with any DP of CDSL namely a) CM Settlement Account (CM Pool Account) and b) Clearing Member Investor Securities Account (CISA).	
Operating Instruction 2.7	<u>Opening of accounts for the "surviving holders" of a BO account (TRANSMISSION) – with the same DP:</u> ➤ In case of "Transmission", the new account should be opened in the same order of names of the surviving holders as given in the old account. For example: If the old account is in the names of A, B & C and "C" expires, the new account, should necessarily be in the names of A and B. ➤ Agreement: If the surviving BO(s) decide to open the new account with the same DP, a new Agreement need not be entered into. The account opening form and "Agreement" signed at the time of opening of the old account may be used for the new account. ➤ Address Proof: If the 1st Holder of the new account is the same as the old account, the address proofs obtained for permanent address and correspondence address, as submitted with the old account, may be used for the new account. However, if the 1st Holder is different, the DP should take care to ensure that existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. Further, the DP shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in force at the time. ➤ SMS Alert: If the 1st holder of the account is the same as the old account, the same registration form and mobile number may be continued for receiving SMS Alerts.	

Reference	Compliance Requirement	Remarks
	However, if the 1st holder of the account is different, the surviving BO(s) will have to provide the mobile number of the 1st holder of the new account for availing the "SMART" facility. ➤ Nomination: a fresh Nomination form, duly signed by the surviving holders will have to be obtained for the new account and duly updated in the CDSL system and Nomination Register. ➤ The DP should ensure that any original documents removed from the old account opening records (and used for KYC purposes in the new account), are replaced with photocopies of the same, for future co-relation / reference.	
Operating Instruction 2.6.4 Operating Instruction 2.6.5 & 2.6.6 Operating Instruction 2.6.7 Operating Instruction 2.6.2 Operating Instruction 2.6.3	➤ CMs of BSE shall execute a DP-CM agreement whereas CMs of exchanges other than BSE shall execute a DP-BO agreement. ➤ CMs of exchanges other than BSE shall give an undertaking on their letterhead authorizing CDSL to debit/credit the CM account based on the instructions received from the exchange. The undertaking should be stamped and signed by the authorized signatories. ➤ DP should collect the original and two copies of the undertaking from the CM. The original should be forwarded to CDSL; one of the copies should be retained by the DP and the remaining copy should be forwarded to CC / CH. ➤ For each CM account opened by a DP, it shall also open a CM CISA. The CISA can be opened based on the same account opening form. ➤ AOF meant for opening account of a Corporate Body should be used for opening accounts of a CM even though the CM may be an individual / a partnership	

Reference	Compliance Requirement	Remarks
	firm. ➤ In the case of Partnership / Proprietorship Firms, the account should be opened in the individual name(s) of the partner(s) / proprietor.	
Operating Instruction 1.4.2	<u>MANTRA</u> (MArgin TRAding) accounts ➤ Corporate Brokers with the prescribed networth who offer margin trading facilities to their clients can open Margin Trading Account in the names of such clients for holding securities purchased through margin trading. ➤ The account will be operated by the corporate broker under POA issued by the clients. ➤ Such accounts should be opened under separate sub-status codes provided for this purpose.	
Operating Instruction 3.4.2	<u>Nomination</u> ➤ The DP should mandatorily obtain a nomination form from the BO (Individual, NRI, FN) duly filled and signed by all the holders. ➤ Only one individual can be appointed as a Nominee by submitting the Nomination Form signed by all joint holders. ➤ Only individuals can appoint a Nominee and be appointed as a Nominee. ➤ Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family and holder of the POA can neither nominate nor be appointed as a nominee. ➤ A minor, who is represented by guardian, can be appointed as a nominee. ➤ An NRI can be appointed as a nominee, subject to Exchange Control Regulations in force and also can appoint a nominee.	

Reference	Compliance Requirement	Remarks
	➤ The DP should maintain a record of the nominees registered in a nomination register. Serial Number as appearing in the Nomination Register should be noted on the Nomination Form together with the date of registering it in the nomination register. ➤ If a BO does not wish to nominate, the option: “I/WE DO NOT WISH TO NOMINATE” in the Nomination Form should be selected. The DP should ensure that the nomination form is duly signed by all the account holders. ➤ Two witnesses are required to sign the Nomination Form. ➤ Nomination details should be captured in CDAS after verification of Nomination Form and entry in the nomination register . ➤ If the details of nomination are not entered in CDAS or the same has not been entered in the Nomination Register, the BO account should be considered as “without nomination”. ➤ The DP should at all times, irrespective of subsequent variations and cancellations, maintain an updated “Register of Nominations” in the prescribed format.	
Operating Instruction 3.4.4	<u>Power of Attorney</u> ➤ A BO may issue a general or a specific purpose POA for operating the demat account. ➤ The POA must be duly stamped. Notarization thereof, is at the discretion of the DP. In case a copy of the POA document is submitted, the same should be certified as a “TRUE COPY” by the BO(s). ➤ A record of POAs received should be maintained in a Register and the DP should allot a unique POA identification number. ➤ Date of validity of POA as mentioned by	The DP shall keep a track of the expiry date of POA, if any. The POA holder's signature(s) should be scanned in CDAS.

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4.5	the BO in Account Modification Form or in the POA should be captured. ➤ The DP shall, mandatorily, register the BO (or first holder of a joint account) who has given power of attorney, with the exception of accounts held by non-individuals, foreign nationals and NRIs for the SMART [SMS Alert] facility. ➤ If such BO does not have a mobile phone, he/she may provide the mobile number of any person as per his/her discretion. ➤ After verification of the documents for setup/modification/cancellation of Power of Attorney, particulars of the same should be recorded in the CDSL system within 7 days of receipt of the documents. ➤ The powers and authorities conferred by the existing POA shall continue until the request for modification / cancellation is recorded by the CDSL system or 7 days of receipt of the same by the DP, whichever is earlier. ➤ The DP shall ensure that the POA is signed by all joint holders, if the POA is granted by all of them. ➤ In the case of a request for change in POA, additional care should be taken by the DP to verify the authenticity of the BO authorizing the change.	
Comm. 505 dated December 16, 2004	<u>Power of Attorney in favour of CMs / entities other than DPs.</u> ➤ The DP should ensure that : a. Details of such POAs are entered on the System. b. The POA holder provides to DP names and signatures of the authorized persons who would sign the consolidated instruction slips. c. Signatures of the authorized persons are captured in the System. d. The authorization by BOs by any mode	

Reference	Compliance Requirement	Remarks
	other than through POA should not be accepted by DPs. e. The DPs should issue a separate instruction slip book to the holders of such power of attorney.	
Comm. 631 dated December 22, 2005	➤ In case of Power of Attorney in favour of a DP or a single entity such as CMs, the DP should ensure that incorporation of clauses in the power of attorney document detrimental to the interest of the beneficial owners are avoided. ➤ In case powers of attorney with detrimental clauses are already obtained, they should be replaced with fresh POAs after deleting such clauses. ➤ DPs shall not act or purport to act in exercise of any powers/authority contained in the aforesaid objectionable clauses pending substitution of the existing Power of Attorney with fresh Power of Attorney as aforesaid.	

Account Opening By Temporarily Disabled / Illiterate BO

Reference	Compliance Requirement	Remarks
Operating Instruction 2.5	➤ The DP has to ensure that the BO, if he is illiterate or temporarily disabled at the time of opening an account, must affix the thumb impression (Left hand thumb in case of male BO and right hand thumb in case of female), on the agreement as well as on the account opening form in the presence of an authorized officer of the DP, who should certify that the thumb impression was affixed in his presence. ➤ In case of disabled persons, the DP must ensure that the BO has produced a medical certificate about his disability ➤ DP should identify the BO by verifying the photograph submitted by the BO. If the	

Reference	Compliance Requirement	Remarks
	BO is illiterate / blind the DP should read out / explain to him the contents of the AOF / DP-BO Agreement in presence of a witness who should sign the AOF / DP-BO Agreement as a witness. The DP official should put his signature and the remarks – “Details explained to the BO” on the corresponding AOF.	

Account Opening by more than three Holders

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.7	➤ The DP should open a separate account if there are more than three joint holders for the security. ➤ An undertaking has to be obtained by the DP from the account holders that there would not be any credit instruction to this account except for dematerialisation of securities held and corporate action benefits. ➤ The DP should capture the names of the four or more joint holders by numbering them and enter the first holder's name in the first holder's field and accommodate the rest of the names in the fields for second and the third holder. ➤ The purchase confirmation waiver flag should not be enabled. ➤ After the balances in such account become nil, the account should be closed.	It may be noted that accounts opened in the names of trustees who hold shares on behalf of a trust will not have restrictions on receipt of credits.

Account Modification

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4	➤ DP should carry out modifications in the BO accounts only on the basis of Account Modification Form or letter containing all details as specified in the Account Modification Form duly signed by all joint	

Reference	Compliance Requirement	Remarks
	holders of the account. ➤ DP should verify signature of BOs on the Account Modification Form with their specimen signatures captured in CDAS. ➤ DP should exercise sufficient control in its internal working to ensure that no unauthorized persons can have access to the system for adding / modifying / deleting / viewing any data in CDAS. ➤ Implementation of variable Access Rights Scheme is one of the tools for achieving such control. ➤ The DP should maintain proper records of all documents verified with original. ➤ The DP should send letters to BOs confirming modifications done and should maintain the copies of such letters along with proof of dispatch.	
Operating Instruction 3.4 Operating Instruction 3.4.11	<u>Change in name</u> ➤ The DP should not accept modification in the names of any of the holders of an account. If a name change is desired, a new account has to be opened by the BOs with the new names, except in case of CMs, Corporate and FIIs. ➤ If Corporate, FIIs and CMs desire a name change, the DP need not open a new account. The same can be modified by CDSL. DP should forward to CDSL the following documents:- i. Letter from Corporate / FIIs / CMs requesting change of name. ii. Certified copy of Board Resolution where the change of name has been approved. iii. Certified copy of: a) fresh Certificate of Incorporation issued by Registrar of Companies (ROC) OR b) Registration Certificate from SEBI in case of FIIs / CMs	

Reference	Compliance Requirement	Remarks
	iv. List of authorized signatory (ies) along with their specimen signature(s) and photograph(s) duly verified by Managing Director / Company Secretary. v. Copy of letter from Stock Exchange where the CM is a member acknowledging change in name in case of CM. vi. Covering letter of DP forwarding the above documents after verifying the signature(s) of the authorized signatories of corporate / FII / CMs in the format specified by CDSL from time to time. ➤ In the above cases the DP shall retain the original documents and forward only the copies duly countersigned / attested by them to CDSL. ➤ On receipt of information from CDSL of the rejection / updation of change in name, DP shall inform BO accordingly.	In the case of CM settlement related accounts, if SEBI registration number / CMID / Trading ID undergoes a change, new account has to be opened. Name change should not be carried out on the existing account
Operating Instruction 3.4.15	<u>Modification of Bank details</u> ➤ DPs should collect proof of bank details. Any one of the following documents may be collected :- (i) Photocopy of the cancelled cheque having the name of the account holder where the cheque book is issued.	

Reference	Compliance Requirement	Remarks
Comm. 1746 dated October 20, 2009 Comm. 1759 dated October 30, 2009	(ii) Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old. (iii) Photocopy of the Passbook having name and address of the BO. (iv) Letter from the Bank. In case of option (ii), (iii) and (iv) above MICR code of the branch should be present/mentioned on the document and it should be self certified by the BO. Updation of New Bank Account Numbers ➤ DPs are advised to inform their BOs / clients to <u>update the new bank account numbers in their demat accounts</u> at the earliest, failing which, electronic transfers with old account numbers will be rejected at the ECS centre level itself. ➤ DPs should note that if the new bank account number is to be updated due to the Member Bank's migration to the Core Banking Solution [CBS] platform, the requirement of obtaining an Account Modification Form has been waived. ➤ The new bank account number may be updated based on the notice/letter received from the Bank. All other modifications to bank details should be effected as per SEBI guidelines and CDSL's operating instructions.	
Operating Instruction 3.4.1, 3.4.12	<u>Change in address</u> The DP shall obtain the following documents for modification of address i. <u>For Individuals</u> (a) Request letter for change of address / account modification form duly signed by all the holders (b) Any of the documents prescribed to be obtained as proof of address for	

Reference	Compliance Requirement	Remarks
	opening the account. (c) DP should obtain proof of address of the first holder. ii. <u>For Corporates:</u> The account modification form / letter for change of address should be signed by authorized signatories and the following documents should be obtained : a) Certified true copy of Form 18 (change of address within the State) and Form 23, if applicable (change of address from one State to another State) b) Latest transaction statement received from the DP iii. . An authorized official of the DP shall put the 'verified with original' stamp on the copy after verification with the original documents and sign the same. iv. A letter intimating the change of address shall be sent at both old and new addresses.	
Operating Instruction 3.4.13, Comm 398 dated April 16, 2004	<u>Change of signature</u> a. <u>Individuals:</u> i) DPs should obtain the Account Modification Form / letter specifying the reasons for change of signature duly signed by all the holders. ii) The BO should visit the DP personally with a valid proof of identity. iii) The BO should affix his new signature in the presence of a DP official. iv) In case the BO is unable to come in person, the Account Modification Form / the letter must contain the old and new signature and the new signature must be attested by the	

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4.14	BO's banker. b. <u>Corporates:</u> i) The DP should obtain certified true copy of the Board Resolution specifying persons authorized to act as authorized signatories. ii) Fresh list of authorized signatories together with their photographs and specimen signatures duly verified by the Managing Director / Company Secretary. iii) In the case of a Bank, a letter on the letter head of the bank giving list of authorized signatories and their specimen signatures duly verified by the General Manager or higher authority. ➤ The DP should then immediately capture the new signatures in the system. ➤ The DP should send a confirmatory letter to the BO informing him / her that the change in signature has been recorded in the system. ➤ If request for simultaneous change in address as well as signature is received, abundant caution should be exercised in carrying out the request and the matter should be reported to CDSL.	

DEMATERIALISATION

General

Reference	Compliance requirement	Remarks
Bye law 13.2.2.1 & Operating Instruction 4.4.6 Operating Instruction 4.4.8 Operating Instruction 4.4.11	➤ DRF duly complete in all respects, alongwith the certificate of securities to be dematerialized should be submitted by the BO to DP. ➤ If the DRF is complete in all respect, the DP shall give an acknowledgement to the BO indicating the date of receipt on DP's as well as BO's copies. The authorized official of the DP should sign it. ➤ The "System generated acknowledgement " of the demat request should be given to the BO after the authorized official of the DP has signed and stamped the same.	
Operating Instruction 4.4.7	Before accepting the securities for dematerialisation the DP shall ensure that : ➤ The securities submitted for dematerialisation have been admitted in CDSL. ➤ In case the securities are not admitted in CDSL, the DP shall inform the same to BO and return the documents.	
Operating Instruction 4.4.7	➤ The DP shall ensure that all the holders have signed the DRF and their signatures tally with those recorded by the DP.	Signature in RTA signature column may be different.

Reference	Compliance requirement	Remarks
Bye law 13.2.2.3 & Operating Instruction 4.4.12	➤ The DP shall deface the certificates by affixing a rubber stamp “Surrendered for Dematerialisation” along with DP name, DPID and BOID (except for Government securities). ➤ The stamp should be put in such a way that the important details do not get smudged or become illegible.	
Operating instruction 4.4.13	➤ The certificates should be mutilated by punching two holes at the top of the certificate.	
Operating Instruction 4.4.14	➤ The DRF shall be authorized by the DP by putting his seal and signature on DRF.	
Operating Instruction 4.4.4	➤ Separate DRF should be filled up for lock-in securities and free securities. ➤ If certificates with different lock-in reasons / lock-in release dates exist, then a separate DRF should be filled for each lock-in reason / expiry date combination	
Operating Instruction 4.4.15	➤ DP shall capture the dispatch details on CDAS.	
Regulation 54(4) Operating Instruction 4.4.15	➤ DRF along with the security certificates must be forwarded to the Issuer/RTA within 7 days from the date of receiving physical documents from the BO.	
Operating Instruction 4.4.20	➤ If the demat request is not processed by the Issuer / RTA within 21 days after it has been set up on the system, then the DP should follow up with the Issuer / RTA.	

Reference	Compliance Requirement	Remarks
Operating Instruction 4.4.19 & 4.4.21, 4.5 & Bye law 13.2.2.10 Comm. 857 dated March 02, 2007	<u>Rejection of demat request</u> - In case of rejection of Dematerialisation request, the DP should return the certificates along with the rejection letter from Issuer/RTA to the BO within 7 days from receipt of rejected certificates. - If the request has been rejected for a reason which can not be rectified by the BO/DP, the Issuer / RTA will retain the certificates. In such cases, the DP should obtain the rejection letter from the Issuer/ RTA and hand over the same to the BO in order to enable the BO to take up the matter with the Issuer. - If the DP does not get the documents within 30 days from the date of rejection by Issuer/ RTA, then the DP should follow up with the Issuer / RTA. Review of rejection of demat requests ➤ DPs are advised to exercise care while processing Demat Requests with regard to set-up details of the DRN and subsequent dispatch of documents to Issuers/RTAs. ➤ Rejections of demat requests causes hardship and inconvenience to investors. Therefore DPs are advised to put in place proper mechanisms for processing of Demat Requests, so as to avoid rejections	

Reference	Compliance Requirement	Remarks
Bye law 13.3, Comm. 584 dated. October 19, 2005	➤ The DP has to ensure that the request has been made by the registered holder, in the DRF-Government Securities (DRF-GS) along with relevant security certificate(s) and Form of transfer as prescribed by RBI or the Central or State Government. ➤ The DP should forward the DRF-GS and other documents along with the security certificate(s) to CDSL within seven days of its receipt.	

Reference	Compliance Requirement	Remarks
	➤ The Memorandum for Transfer column on the reverse of the certificate should be inscribed with “Tendered for Cancellation and credit to SGL A/c No BYSL 0885 of CDSL, Mumbai”. ➤ The DP should not punch holes on the face of the G-Sec certificate or deface the certificate by affixing the rubber stamp “Surrendered for dematerialisation”.	

Transposition cum Dematerialisation

Reference	Compliance Requirement	Remarks
Operating Instruction 4.6	➤ In case names on the certificates are matching with the names in the BO account but the order of the names on the certificates is not matching with the pattern of holding in the BO account, such certificates can be dematerialized by filling up DRF and Transposition Request Form. ➤ The DP should ensure and verify that : i) the BO has submitted separate application form (TRPF) for transposition, for each ISIN, alongwith the DRF & certificates. ii) All the holders have signed the TRPF which is complete in all respect iii) The TRPF contains only those names (in any order) that are the holders of the BO account. ➤ The DP should maintain a copy of the TRPF along with copy of the DRF.	

Transmission cum Dematerialisation

Reference	Compliance Requirement	Remarks
Operating Instruction 4.7.1	➤ In case of death of one or more joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the certificate(s) and get them dematerialised.	

Reference	Compliance Requirement	Remarks
Operating Instruction no. 4.7.1	➤ The DP shall collect following documents from the surviving holder: • Duly filled DRF. • Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by Gazetted Officer. • Transmission Request Form. (Note: DPs should write “Transmission-cum-Demat” in the column of “from BOID” in the transmission form.)	

Physical Securities Lost in Transit

Reference	Compliance Requirement	Remarks
Operating Instruction 4.5	➤ In cases where the Issuer / RTA has received information about dematerialization electronically from CDSL but physical certificates have not been received, the procedure to be followed is as under : ➤ The DP should execute an Indemnity Bond in favor of Issuer/RTA as per the prescribed format. ➤ The DP should provide the Issuer/RTA proof of dispatch and also confirm that the certificates are not returned undelivered at their end. ➤ The DP should setup a fresh demat request with the CDSL system in case the Issuer / RTA has already rejected the original demat request. ➤ In case the Securities are lost in transit while being sent by RTA to DP, wherein the dematerialisation request has been rejected for the reasons which can be rectified by the BO/DP, the DP has to give the Indemnity bond with prior consent of the Issuer and a fresh demat request be setup with the CDSL system.	

Reference	Compliance Requirement	Remarks

Procedure for Dematerialization of Shares, which are held in more than three names

Reference	Compliance Requirement	Remarks
Operating Instruction 4.8	➤ In case the number of joint holders are more than three, the DP has to process the dematerialisation request as per usual procedure ensuring that the main BO's name is mentioned as 1st Account Holder and the balance joint holders are accommodated in the two joint holders Name but ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account. ➤ Such an account should be used only for the purpose of dematerialisation and once all the certificates have been dematerialised, such account should be closed and shares transferred to a new account opened in the name of maximum three holders.	

INSTRUCTION PROCESSING

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.1.13	<u>Inventory of DIS Booklets</u> ➤ Register for inventory of DIS booklets should be kept in either electronic or manual form. Register should be updated as and when new stock is received / stock issued for delivery to BOs. ➤ Custody of the books as well as register should be with a senior officer of the DP. ➤ Periodically the physical inventory should be checked and reconciled with the stock as recorded in the register. The same should be properly recorded. A senior official of the DP who is not responsible for issuance and maintenance of the DIS booklets should do the said checks.	
Operating Instruction 6.5.1	<u>Issue of Instruction Slips</u> ➤ The instruction slips shall be in the format as specified by CDSL. ➤ The DP must print instruction slips with pre-printed unique serial number on the top portion and acknowledgement copy of the instruction slip. ➤ The DP shall ensure that BO ID is pre-printed or pre-stamped on the instruction slips as well as requisition slip. ➤ DP's name, address and CDSL's name shall be printed on instruction slip. ➤ Each booklet shall contain a requisition slip for issue of another booklet. The requisition slip should have pre-printed serial number range of the current instruction slip booklet. ➤ The Instruction slips shall be issued in booklets and the DP shall maintain a record of the serial nos. of instruction slips issued to BO. ➤ Instruction slip booklets shall be dispatched / handed over to the BO once the account opening process is	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.5.1	completed. The DP should maintain proof of dispatch / delivery. In case of hand-delivery, the same should be delivered only to the BO and the signature of the BO should be kept on record. ➤ If the DIS booklet is lost/ stolen / not traceable by the BO, the same must be intimated to the DP immediately by BO in writing. On receipt of such intimation, the DP shall cancel the unused DIS of the said booklet. ➤ The DP shall ensure that a new DIS booklet is issued only on the basis of duly signed requisition slip after verification of BO's signature and that the requisition slip forms a part of the booklet issued to the BO; unless the request for fresh booklet is due to loss etc., as referred above. ➤ If the fresh instruction slip booklet is hand delivered to the BO, record of signature of the BO of having received the instruction slip booklet should be maintained. The instruction slip booklet may be hand delivered to any person other than the BO, only on the basis of a requisition slip forming part of the earlier booklet issued and signed by the BO. The requisition slip should contain the signature of the person authorized by the BO to receive the new instruction booklet. ➤ In case the instruction slip booklets issued earlier do not contain the requisition slip or in cases where BOs have lost the requisition slips, a letter to that effect signed by all the holders shall be taken for issuance of fresh instruction booklets. One of the accountholders should personally come with such a letter and with a valid proof of identity. DP should check the proof of identity and keep the same on record.	

Reference	Compliance Requirement	Remarks
	<u>Cautionary note in Delivery Instruction Slip</u> ➤ With a view to safeguarding the interest of the investor, DPs are advised to ensure that the following cautionary note is printed / added to the Delivery Instruction Slip – in the line above the space allotted for the BO's signature(s) “Blank & Signed Delivery Instruction Slips should not be left with your DP/Broker”	
Regulation 42(2), Bye law 5.3.3 / 13.8.1	The DP shall not initiate any debit or credit in the account of BO without appropriate instruction from the BO or a person duly authorized by BO or CDSL.	In case of 'Purchase confirmation waiver' given by BO, separate instruction for credits is not required. In case an account is operated by a person as an authorized signatory and not in his individual capacity, the signature should be under an appropriate stamp.
Operating Instruction 6.5.4.8	➤ If a DIS is received from an account which has been dormant, i.e. not operated for a long period, SIX months or more or any such period specified by CDSL from time to time, the DP should verify the same with the account holders independently before executing the instruction. ➤ The DPs shall not accept pre-signed DIS with blank columns from the BO(s)	
Comm.846 dated February 14, 2007	➤ The DPs shall put in place appropriate checks and balances with regard to verification of signatures of the BOs while	

Reference	Compliance Requirement	Remarks
SEBI Circular SEBI/MRD/Dep /Cir-03/2007 February13, 2007	processing the DIS ➤ The DPs shall cross check with the BOs under exceptional circumstances before acting upon the DIS.	
Comm.846 dated February 14, 2007 SEBI Circular SEBI/MRD/Dep /Cir-03/2007 February13, 2007	➤ If a DIS is received from an account which has been dormant (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 the DP should mandatorily verify the same with the account holders independently before executing the instruction. ➤ 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.	
Operating Instruction 6.5.4.4 Operating Instruction 6.5.4.5	➤ DP must appoint an authorized official to check the DIS received from BO for execution of the instructions. ➤ Verification of delivery instruction slips has to be done by the staff of the DP only. Authorised official must verify the following details from the instruction slips: ➤ Whether the instruction slip received from the BO is from the range of instruction slips issued to the same BO. ➤ Whether all the account holders / authorized signatories / duly constituted POA, if any, has signed the instruction slip.	The employee of the DP processing the instruction slip shall be required to sign the instruction slip indicating that the accuracy of the clients' signature and the unique serial number belonging to the specific BO has

Reference	Compliance Requirement	Remarks
	➤ Whether the signature(s) of the BO(s) on the instruction slip match with the signature(s) of the BO(s) recorded in the CDSL system. ➤ Whether any alteration, correction, cancellation on the DIS is authorized by all the account holders/ authorized signatories / POA holder, if any.	been verified.
Operating Instruction 6.5.3	When a BO gives multiple instructions in an instruction slip and encloses an annexure with that slip, the DP shall ensure that : - ➤ Each page of the Annexure should bear the Instruction Slip serial no. ➤ All the holders/authorized signatories / POA should sign each page of the Annexure. ➤ All the holders/ authorized signatories/POA should authorize any alteration, correction, cancellation made by the BO on the Annexure. ➤ Instruction slip should bear the details of total no. of pages annexed to the instruction slip and also the total number of instructions contained therein.	
Bye law 5.3.16	➤ The DP shall ensure that the instructions received from BO are carried out on the same day, as far as possible and failing that before the close of the working hours of the immediately succeeding working day.	
Operating Instruction 6.5.4.5	➤ The DP shall ensure that a senior official of the DP verifies instruction slip having transactions with value exceeding Rs.5 lakhs.	
Bye law 5.4.7	In the event of multiple instructions being received by the DP from the BO relating to transfer of securities, which exceed the balance in the account of the BO, the DP has to execute the instructions in the following sequence: ➤ in the event of the BO specifying the	

Reference	Compliance Requirement	Remarks
	sequence of execution of instructions, in the same sequence as specified by the BO to the extent it can be executed with the balance available in that BO's account; ➤ in the absence of specific instructions from the BO, in the chronological order in which such instructions are received from the BO, to the extent it can be executed with the balance available in that BO's account.	
Operating Instruction 6.5.2	<u>Issue of Loose Delivery Instruction Slips (Loose DIS)</u> The DP must ensure that - ➤ As far as possible, the DP shall not issue loose DIS. ➤ Loose DIS shall be issued only to the BO(s) in person after the identity and signature of the BO(s) is verified. ➤ The DPs shall not issue more than 10 loose DIS to one accountholder in a financial year (April to March) ➤ The DP shall obtain the signature of the BO(s) in the Register maintained for issue of loose DIS. ➤ BO(s) should fill and sign the DIS in the presence of authorized official of the DP. The DIS may be verified by another official of the DP, as an additional precaution. ➤ Custody of loose DISs should be with a senior official of the DP. Only one loose DIS book may be opened at any time. ➤ Instruction pertaining to loose DIS has to be entered in the CDSL system on the same day. If not entered, then the reason for not entering on the same day should be noted in Loose DIS Register.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.3.3	➤ Where multiple BOs have given POAs to a single entity, including DP or CM, for execution of transactions on their behalf, the following procedure is to be followed by the DP: 1. DP must maintain a separate register containing the details of BOs from whom such POAs have been received. 2. DP shall maintain a separate series of instruction slip nos. for such purposes. 3. BOID shall not be preprinted / pre-stamped on such instruction slips. 4. Each page of the statement/ computer printout attached along with such instruction slip should bear the instruction slip serial no. 5. Instruction slip no. to be checked against the issue details before execution of the instruction. 6. Each page of the statement / computer printout should be signed by the POA holder. 7. A record of statement / computer printouts containing consolidated details of instructions executed by the DP on behalf of the clients who have given POAs should be maintained. 8. For different types of transactions, separate statement / computer printouts should be maintained. 9. The statements / computer printouts should contain all details as specified by CDSL in the format of the instruction slip. 10. Each row in the statements / computer printouts should contain the delivering BOID.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.6.3.2	➤ If the BO wants to waive confirmations for all credits he may inform the DP at the time of account opening or by filling in the Purchase waiver form.	
Operating Instruction 6.5.4.3	➤ The DP shall accept the instructions for pay-in of securities from the BOs, in the physical form (delivery instruction slips) at least upto 4.00 p.m. and in electronic form at least upto 6.00 p.m. on T+1 day. In case of late receipt of instruction, it should be accepted by affixing a stamp "accepted for execution on best effort basis".	
Operating Instruction 6.5.6	<u>Precautions while executing fax instructions :</u> ➤ DPs should obtain a "fax indemnity" from the BOs before accepting instructions through fax. ➤ DPs should ensure that the indemnity has been signed by all holders of the account and is executed on a stamp paper of appropriate value and is submitted to the DP in physical form. ➤ If the BO has multiple accounts in different combination of names or multiple accounts of the same CM meant for different exchanges, a single fax indemnity could be obtained for all such accounts. Eg : For accounts in the name of A, B & C or B, C & A or A, C & B single fax indemnity can be used. For a CM, having both BSE CM accounts and NSE CM accounts, the DP can accept one Indemnity. ➤ DPs must advise the BOs to mention "<u>FAX INSTRUCTION</u>" on the top of the instruction slip. ➤ DPs should ensure that the original instruction slip is received within 3 working days from the date of receipt of the fax instruction. ➤ DPs should inform the BOs that failure	

Reference	Compliance Requirement	Remarks
	to submit the original DIS within the stipulated time would result in suspension of the facility immediately and that the DP would not be responsible for non-execution of fax instructions after such suspension.	
Operating Instruction 6.5.7	<u>Procedure for execution of transactions based on receipt of digitally signed electronic instructions</u> ➤ <u>The DP should have adequate systems and security features to authenticate the client and the person (authorized representative) giving instructions.</u> ➤ <u>The DP should ensure that all the instructions submitted electronically should be authenticated by means of a Digital Signature issued by a Certifying Authority (CA) licensed by Controller of CA.</u> ➤ <u>The DP should be able to prove the origin, destination, date and time of receipt or dispatch of electronic instruction received by it and this information should be available for inspection.</u> ➤ <u>The DP should establish system/process to confirm that instructions received in electronic form are digitally signed by the Client / his representative and are not modified subsequent to digitally signing of instructions.</u> ➤ <u>The DP should ensure that the digitally signed instructions are received only by an authorized individual official ID of the DP.</u>	

Reference	Compliance Requirement	Remarks
	➤ The DP should establish a procedure that ensures the validity of the digital signature certificate of the Users and that the person digitally signing the instructions is authorized to do so. ➤ The DP should retain all 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. ➤ Electronic instructions received by the DP should be authenticated by means of a Signature Verification Utility [SVU]. The SVU should be issued by the CA licensed by the Controller of CA to validate the digitally signed files received from the Client. The SVU should strip the digital signature on successful authentication ➤ The DP should ensure that the new file generated after authentication should be stored separately before uploading/executing in the CDSL System and the original file with the digital signature should be stored as was received. The DP should ensure that the authenticated file is not altered and accurately represents the information originally received or sent by the Client, before uploading / executing the file in the CDSL system. The DP is 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 the stripping of the digital signature ➤ The DPs should ensure that instructions submitted electronically using a digital signature are retained, along with the digital signature, for the	

Reference	Compliance Requirement	Remarks
	period specified by the regulatory authority. ➤ The DPs should be able to produce these electronic records in a readable form to CDSL, SEBI or to any other Statutory Authority, whenever required. The file formats of the digitally signed instructions should adhere to the file formats prescribed by CDSL. ➤ The DP should ensure that a link / tag between the file uploaded in the CDSL system, transaction in the file and trade / transaction ID generated by the CDSL system for each transaction is available at all times. The link / tag should be able to establish the file number and the transaction contained in that file, on the basis of a particular trade ID / transaction ID retrieved from the CDSL system. ➤ The DP back office shall, compulsorily, have a system to differentiate transactions (digitally signed) from those received physically / through easiest. ➤ A daily record of the files received and processed along with the total number of transactions contained in each file and the date should be available for verification. ➤ The DP should carry out proper KYC of the applicant as specified by the agency issuing the digital signature. The KYC documents submitted by the applicant should be verified with the information present in the CDSL system. In case of discrepancy, the CDSL system should be updated, ensuring that the modification is carried out in accordance with the requirements as outlined in CDSL's DP Operating Instructions.	

Reference	Compliance Requirement	Remarks
	➤ The DP should maintain the records of electronic instructions received and executed in accordance with the provision of the PMLA Act, 2002 Regulation 50 of the SEBI (D&P) Regulations.	
Operating Instruction 6.5.6.18	➤ Branches of the DP may fax or send scanned instructions received from the BOs to the Main DP for execution. The Main DP should preserve/store the scanned/faxed documents along with the originals when received, for a period of not less than 10 years or as stipulated by CDSL from time to time.	
Operating Instruction 6.6	<u>Instruction processing by temporarily disabled / illiterate BO</u> In case the instruction is received from persons who are unable to sign due to the person being illiterate/ temporarily disabled, DPs should ensure that: ➤ in case the BO cannot come in person to submit the instruction slip, the thumb impression of the BO on the instruction slip must be attested by a Magistrate or a Notary Public authorized to use the seal of his office or by the manager of the account holder's bank. ➤ in case of temporarily disabled persons, the BO should also produce a medical certificate about BO's disability.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.4.1	<u>Maker Checker for Instruction Slip</u> ➤ DPs who do not have maker-checker facility either in back office software or otherwise, should ensure that manual control mechanism is established in order that instruction slips are thoroughly verified as per the norms laid down in the Operating Instructions. ➤ The internal procedure should be so designed that the instruction slips are checked by two officials separately for their correctness. The signatures on the instruction slips should also be verified by two officials.	
Operating Instruction 6.6.4.4	<u>Early Pay-in:</u> In case balances in the delivering account are insufficient at the time of setting up of the instructions, the transaction shall fail. DP will have to set up a fresh early pay-in instruction after the balance in the account is sufficient.	
Operating Instruction 6.6.3 Comm. 989 dated November 13, 2007	<u>Off market transactions</u> ➤ If the Off-market transaction is for consideration, the amount should be mentioned. If there is no consideration involved, then reason should be furnished under options given therein. ➤ The above-referred details of transactions may be taken on the face of the DIS or on a separate sheet duly signed by the account holders. ➤ All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system.	

TRANSMISSION

General

Reference	Compliance Requirement	Remarks
Operating Instruction 7.5.1	➤ Transmission transaction can be initiated by the DP for transfer of securities only in case of death of all or any of the holders or in any other case with the prior approval of CDSL. ➤ For transmission of securities in case of death of one of the holders, the new account should be opened in the same order of names of the surviving holders as given in the old account	
Operating Instruction 7.5.9, 7.5.10	➤ After receipt of all required documentation, the DP shall ensure that the Transmission request is processed within seven days of receipt of the same. ➤ On transmission of all the securities to the Transmittor BO's account, the account of the deceased BO will be automatically closed by the CDSL system, if the transmittor BO's account is with CDSL.	
Operating Instruction 7.5.7	➤ On receiving intimation of the death of any holder(s) and after receiving the original Death Certificate or a copy of the same (duly notarized or attested by a Gazetted Officer), the DP shall not allow the execution of any instruction other than transmission request in the deceased BO's account. ➤ The DP shall freeze the account for debits with appropriate reason code.	
Operating Instruction , 7.5.5, 7.5.6	➤ If the transfer of securities from the account is to be effected to claimant / Successor, the DP shall take steps to satisfy itself about identity of the Successor(s) mentioned in the Succession documents. ➤ The DP shall ensure that the copies of the documents submitted by the Claimant (Successor) are verified with the original documents.	

Transmission in Case of Death of Sole Holder

Reference	Compliance Requirement	Remarks
Bye Law 13.9.2	Any nomination made at the time of opening the dematerialisation account shall supercede the nominations made prior to opening the account.	Any nomination made subsequent to the opening of a demat account shall supercede all the prior nominations.
Bye Law 13.9.4 & Operating Instruction 7.6.1	➤ If the deceased BO has nominated a person, then the nominee shall be entitled to the transmission of securities standing to the credit of the deceased BO's account. The DP shall collect following documents from the Nominee:- 1. Duly filled TRF, complete in all respects. 2. Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by a Gazetted Officer. 3. Client Master of the demat account of the nominee, in case the nominee has a demat account in individual capacity with another DP of CDSL/other depository. ➤ Nominee shall be the sole holder of the account. The DP shall ensure that the said nominee does not have any joint holders in this account.	
Bye Law 13.9.4 & Operating Instruction 7.6.1	➤ If the deceased BO (sole holder) has not made any nomination, the DP should collect the following documents from the successor(s) claiming title to the securities of the deceased BO (sole holder) : 1. Duly filled TRF, complete in all respects. 2. Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by a Gazetted Officer. 3. Any one of the following: -	

	a) A Succession Certificate b) A letter of Administration c) A Probate of the will of the deceased.	
Operating Instruction 7.6.1	➤ In case there are multiple successors, claimants / successors shall submit one Transmission Request Form to the DP.	
Operating Instruction 7.7.1	➤ The DP shall ensure that the securities are not re-materialised directly from the deceased BO's account.	
Operating Instruction 7.7.2	➤ DP should ensure that BOID, ISINs and quantity of shares mentioned in TRF are correct.	
Reference	Compliance Requirement	Remarks
Operating Instruction 7.7.3	➤ Request for transmission in the case of sole holder should be in accordance with the Succession Certificate / Letter of Administration or Probate of the Will of the deceased BO when nomination is not made by the deceased holder.	
Operating Instruction 7.6.2	➤ DP should send a statement of transaction to the transmittee after transmission.	
Operating Instruction 7.6.1	➤ If the successor(s) of the sole holder express their inability to produce any of the documents viz. Succession Certificate or Letter of Administration or Probate of the Will and the market value of the securities held in each of the accounts of the deceased BO as on the date of application for Transmission does not exceed Rs.1,00,000/- or such other amount as may be specified by CDSL from time to time, the DP shall process the Transmission request on the basis of the following documents: a) Transmission Request Form. b) Original or copy of death certificate of the deceased BO, duly notarized or attested by a Gazetted Officer. c) Letter of Indemnity executed by the applicant on non-judicial stamp paper of	

Reference	Compliance Requirement	Remarks
	appropriate value, duly notarized. d) An Affidavit from the applicant executed on non-judicial stamp paper of appropriate value and notarized. e) 'No objection letter(s)' from all legal heir(s) who are not applicants conveying no objection to the transmission of the relevant securities in favour of the applicant(s).	

Transmission in the Case of Death of One of the Joint Holders

Reference	Compliance Requirement	Remarks
Bye Law 13.9.3 & Operating Instruction 7.6.2	➤ In case of a death of a joint holder, the surviving Joint Holders shall succeed to the securities standing to the credit of an account. The DP shall collect following documents from the surviving Joint Holders:- 1. Duly filled TRF, complete in all respects. The surviving holders shall submit one Transmission Request Form. 2. Original or copy of the death certificate of the deceased holder/s duly notarized or attested by a Gazetted Officer. 3. Client Master Report of the surviving joint holders, in case the joint holder(s) has / have a BO account with some other DP of CDSL / other depository. ➤ The surviving holders can transmit securities to an account opened in their names only.	
Operating Instruction 7.5.2	In case the surviving holders wish to transfer the securities to a demat account with any other DP of CDSL, the DP should ensure about following: ➤ The names of the surviving holders are in the same order of names as in the existing account. ➤ To obtain from the surviving holders the Client Master Report of the new account duly stamped and signed by the new DP for effecting the transmission of securities. ➤ To obtain a declaration from the surviving holders to the old DP stating that all transactions in the account are authentic.	
Operating Instruction 7.5.3	In case the surviving holders wish to transfer the securities to a demat account with the same DP, the DP should ensure about following:	

Reference	Compliance Requirement	Remarks
	➤ The new account may be opened by the DP, based on the documents submitted at the time of opening of the original account. However, if the 1st holder in the new account is different from that in the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. ➤ To obtain a declaration from the surviving holders stating that all transactions in the account are authentic. ➤ The KYC documentation, for opening of new accounts, is as per SEBI and CDSL specifications in force at the time.	
Operating Instruction 7.5.4	In case the surviving holders wish to transfer the securities to a demat account with the other depository, the DP should ensure about following: ➤ To obtain the Client Master Report of the account with the other depository duly stamped and signed by the DP of the other depository. ➤ To verify whether the account is in the same order of names of the surviving holders before effecting the transfer. In addition to above the following documents shall also be obtained along with the Client Master Report:- • Duly filled and signed Account Closure Request form. • Duly filled and signed DIS for Inter-depository Transfer. • A declaration stating that all transactions in the account are authentic. • All Unused DIS. If unused DIS are untraceable/misplaced, a declaration	

Reference	Compliance Requirement	Remarks
	from the surviving holder(s) stating that the same are not traceable. ➤ The DP shall ensure that the serial numbers of the unused / untraceable DIS are blocked.	

Transmission if BO is declared Lunatic/Adjudicated Insolvent/Winding Up

Reference	Compliance Requirement	Remarks
Bye law 13.9.7	➤ In case the BO is declared as lunatic or adjudicated insolvent or otherwise incapable to operate his account, the DP should transmit the securities to any other account as may be ordered, on the production of the certified copy of the Order passed by the Competent Court. ➤ In the event of winding up of the BO by the Court, the DP should transmit the securities to such account as directed in the Court order to that effect. ➤ If the BO undergoes a voluntary winding up (not subject to supervision of the Court) the DP should transmit the securities to such account as provided in the resolution passed for such voluntary winding up.	

STATEMENT OF ACCOUNTS

Reference	Compliance Requirement	Remarks
Regulation 43, & Clause 3 of DP-BO agreement, Operating Instruction 16.3 Operating Instruction 16.4	➤ The DP should send statement of account to BOs, at least once at the end of every month, or any such frequency as specified by SEBI/CDSL, in respect of every account, if there has been even a single transaction during the month and in any event once at the end of each quarter, or any such frequency as specified by SEBI/CDSL, in respect of all accounts. ➤ The DP should ensure that all the contents and fields, as specified by CDSL, should be included in the statement of account sent to the BOs. ➤ The main DP should dispatch the Transaction Statement of BOs directly to the BOs. Branches, including back office connected branches, should not send transaction statements directly to the BO. ➤ DP may provide statement of accounts to the BOs at such shorter period as may be agreed upon between the DP and the BO, on payment of charges as specified by the DP. Where a DP is exempted from entering into an agreement with a BO (Refer Bye Law 5.4.1.1), the DP shall provide statement of account to such BO with such periodicity as may be agreed by and between the DP and the BO.	

Reference	Compliance Requirement	Remarks
Operating Instruction 16.3	➤ The DP need not send a monthly statement of account to the BOs, who have registered for 'easi' services subject to fulfillment of the following : ➤ DP should obtain a written consent from the BO, in the format specified by CDSL stating that the BO agrees not to receive statements in physical form. ➤ DP should mandatorily send statement of account on a quarterly basis to the BOs. ➤ If at any time, a BO wishes to receive account statement in the physical form, DP should provide the same to the BO at such intervals as may be required by the BO.	
Operating Instruction 16.4	➤ It is mandatory for main DPs to print and dispatch statements of accounts of their BOs as well as BOs of their other branches. ➤ The main DP must maintain record of dispatch of statements to BOs.	
Operating Instruction 16.5	➤ DPs are required to furnish a statement of holdings to their banking clients, as on every Friday, detailing the securities held by them on each day of the week. ➤ The same is required as RBI vide its circular dated 16th January 2003 has clarified that government securities maintained by the banks with the depositories will be included for Statutory Liquidity Ratio (SLR) purposes and that SLR is to be maintained on a daily basis.	
Regulation 49(1)(c)	➤ DPs shall maintain the records of statements of account provided to BOs.	
Operating Instruction 16.6	➤ SEBI has permitted the DPs to replace the hard copy statements by electronic statements, vide its circular no. MRD/DoP/Dep/Cir-27/2004 dated August	

Reference	Compliance Requirement	Remarks
	16, 2004. ➤ As per the circular 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 form, the DPs shall be duty bound to provide the same.	
Operating Instruction 16.7	Exemption From Sending Quarterly Transactions Statements To BOs In Respect of Demat Accounts With No Transactions And No Security Balances ➤ DPs may not send quarterly statements to BOs in respect of demat Accounts with no transactions and no security balances, subject to the following: i) The BO is informed, in advance, that he/she will not be receiving transaction statements for such accounts till there are any transactions or security holdings in the demat account. ii) KYC and PAN requirement, in respect of all such depository accounts, are complied. iii) No annual maintenance charges are levied for such an account. iv) Information which is required to be	

Reference	Compliance Requirement	Remarks
	disseminated by DPs by way of a note in the transaction statements will be required to be communicated to such BOs separately. v) The internal auditor of the DP shall comment in its Internal Audit Report on compliance of the aforesaid requirements.	

PLEDGE /UNPLEDGE/ INVOCATION

Pledging

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.1	➤ The pledgor and pledgee must have active accounts in CDSL.	
Operating Instruction 8.5.2	➤ DP has to ensure that the PRF, in duplicate duly complete in all respects has been submitted by the pledgor.	
Operating Instruction 8.5.2 Comm. 1142 dated June 05, 2008	➤ On set up of pledge request, the pledgor DP should record the PSN generated by the system on the PRF which shall be verified by DP checker and a properly executed PRF is taken on record. ➤ In cases where pledge requests have been setup, DP should ensure that either securities are “pledged” within 15 days from the set up date and if not “pledged” within stipulated time the request is withdrawn immediately thereafter. ➤ After transaction is verified by the pledgor DP, CDAS shall generate a letter giving details of pledge set up. An authorized official of the pledgor DP shall sign and stamp the letter and dispatch it to the pledgor along with the copy of the PRF. Similar letter will be issued by the pledgee DP to the pledgee, when the pledge is accepted.	

Unpledging

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.3 & 8.5.4	➤ URF, in duplicate, duly complete in all respects shall be submitted by the pledgor to his DP, in case of unpledge initiated by pledgor. ➤ In case unpledge is initiated by the pledgee the URF shall be submitted by the pledgee to his DP.	

Invocation (Confiscation)

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.5	➤ IRF, duly complete in all respects shall be submitted by the pledgee to his DP.	
Operating Instruction 8.5.5	➤ After the transaction is verified, CDSL system generates a letter giving details of the confiscation. Pledgee DP shall print this letter. An authorised official shall sign and stamp this letter and send the same to the pledgee.	

REMATERIALISATION

General

Reference	Compliance Requirement	Remarks
Bye Law 13.5.3, Operating Instruction 9.5.1.1 Operating Instruction 9.5.4	➤ The DP shall ensure that RRF in duplicate, duly complete in all respects has been submitted by the BO ➤ In case of more than one holder, the DP should ensure that all joint holders have signed the RRF. ➤ DPs are advised to exercise caution when sending requests for rematerialisation of securities to Issuers/RTA with regard to selection of “Lot Opted” i. e. MARKET or JUMBO in the CDSL System.	
Operating Instruction 9.5.2.	➤ The RRF details shall be captured through the front end on the same day or the next working day from the date of receipt of the same and the RRN shall be generated.	
Bye Law 13.5.7 Operating Instruction 9.5.5	➤ The DP should note down the RRN on the RRF and authorize RRF with his seal and signature and the same is to be sent to the Issuer/ RTA along with other documents within 7 days of receipt of RRF. ➤ The DP should retain a copy of the RRF for his records.	
Operating Instruction 9.5.3	➤ Modifications of RRN or deletion of RRN, which has already been set up by DP, but not yet accessed by RTA / Issuer, may not require the authorization of the BO, if the change of RRN is as per the RRF submitted by the BO or the deletion of RRN is to rectify the mistake committed by the DP.	
Bye Law 13.5.7 Operating Instruction 9.5.6	➤ The DP must ensure that the remat request is honored within a period of 30 days from the date of physical receipt of the RRF by the Issuer / RTAs.	
Operating Instruction 9.5.8	➤ In case of rejection of RRF by the RTA/ Issuer, the DP shall carry out the necessary rectification in consultation with the BO and set up a fresh remat request.	

Operating Instruction 9.5.9	➤ <u>Repurchase</u> In case the BO intends to repurchase the units that are available in demat form in his account, then a Repurchase Request Form has to be submitted along with the RRF. The DP should ensure that the bank details are entered in the CDSL system. If bank details are not entered, then the repurchase request may get rejected.	
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Rematerialisation of Government Securities

Reference	Compliance Requirement	Remarks
Bye law 13.6	➤ The DP has to ensure that the request has been made by the registered holder, in the RRF-Government Securities (RRF-GS). ➤ The DP should forward the RRF-GS to CDSL within seven days of its receipt.	

FREEZE / UNFREEZE

Reference	Compliance Requirement	Remarks
Operating Instructions 13.5.1	➤ <u>Freeze initiated by BO</u> ➤ The DP should verify that the Freeze Request Form submitted by the BO is complete in all respect and signature of BO is tallied before setting up of the freeze request. ➤ The DP should send acknowledgement letter duly signed and stamped by the authorized official of the DP, to the BO.	
Operating Instructions 13.5.2	➤ <u>Freeze initiated by DP</u> ➤ DP can initiate the freeze for following reasons: ➤ Order from statutory / regulatory authority. ➤ To create lien on balances in BO account after getting approval from CDSL. ➤ The DP should ensure that system generated acknowledgement is sent to the BO. ➤ Orders from statutory / regulatory authority / authorization from CDSL, the acknowledgement copy sent to the BO and record of dispatch of such acknowledgement copy should be maintained by the DP.	
Operating Instructions 13.5.4.1	➤ <u>Unfreeze initiated by BO:</u> ➤ An authorized official of the DP should verify that the Unfreeze Request Form received from the BO is filled completely and signature(s) of the holders are matching before the same is entered in the system. ➤ System generated acknowledgement for unfreeze, duly signed and stamped by the authorized official of the DP should be sent to the BO.	

Reference	Compliance Requirement	Remarks
Operating Instructions 13.5.4.2	➤ <u>Unfreeze initiated by DP</u> The DP can initiate unfreeze either to clear the lien created on the balances of the BO or to adhere to the orders from statutory authority / regulatory authority. ➤ The acknowledgement letter for unfreeze should be duly signed and stamped by the authorised official of DP and sent to the BO.	
Operating Instructions 13.5.4.2	➤ All documents / letters received from CDSL/ statutory / regulatory authority, acknowledgement copy of freeze / unfreeze letters sent to BO should be carefully maintained by DP.	
Comm. 817 dated January 3, 2007	<u>Unfreeze option for entering PAN and reactivation of accounts</u> ➤ Where PAN details are submitted for frozen accounts. On obtaining the PAN details from the BO, the DP should complete the stipulated verification process. Once the Pan details are verified, the same should be entered in the CDSL system and then account can be unfrozen ➤ Where the PAN details are submitted for a frozen account that has multiple freezes installed DPs should take care to remove all the relevant freezes (for non-availability of PAN details) existing on the CDSL system. ➤ Before performing any unfreeze, DPs should ensure that the verification and updation of PAN details, has been done for all the holders (including joint holders, if any)	

ACCOUNT CLOSURE

Reference	Compliance Requirement	Remarks
Bye law 6.9.1 & Comm. 278 dated June 11, 2003	➤ Before initiating the procedure for closing an account, the DP shall ensure that no instructions remain pending or unexecuted. ➤ The BO account may be closed either by rematerialising the securities and / or by transferring them to other account(s).	The DP shall ensure that the reason for the closure of account is entered in the system.
Bye Law 6.9.3 & 13.7.3 & 13.7.4	The DP shall ensure that the BO account is not closed: ➤ If any securities are pledged or frozen; ➤ If the closure would result in any statutory violation or breach or violation of any decree or order or injunction of any court, tribunal or revenue authority; ➤ If the account is unreconciled; ➤ If the suspended balances are not adjusted and settled.	
Operating Instruction 10.5.3	<u>Closure initiated by BO</u> ➤ DP should verify and ensure that:- (a) The ACF (or the letter containing the particulars specified in ACF) duly signed by all the holders is complete in all respects. (b) Signatures of all holders conform to the specimen signatures scanned in the CDSL system. (c) Details given in the ACF agree with the details captured in the CDSL system. ➤ Differences, if any, as given in the ACF and the system should be brought to the notice of the BO and the ACF should be returned to him. ➤ The DP should obtain duly filled in RRF and / or instruction slip for transfer of securities to other account(s) along with ACF, if necessary. ➤ Space should be provided in ACF to	

Reference	Compliance Requirement	Remarks
Bye law 6.9.2 Operating Instruction 10.7.3	indicate whether the balances (if any), in the BO account should be rematerialized and/or transferred to another BO account. ➤ After all free balances in the account are transferred as desired by the BO, transaction statement for the period from starting date of the quarter till the date on which the account has been closed/ marked for closure should be provided to the BO. The words “Account Closed”/“To be closed” should be prominently written in the transaction statement. The proof of dispatch of such transaction statement to the BO should be kept on record by the DP. ➤ Additionally, the final statement of account showing the last transaction(s) and the “zero” balance when all securities are transferred / rematerialized from the account should also be sent to the BO. The proof of dispatch of final transaction statement to the BO should be kept on record by the DP. ➤ Instructions for closure of accounts given by holders of Power of Attorney should not be accepted. ➤ The DP shall initiate the procedure for transfer of balances/rematerialisation of securities in the BO account within a period of 2 days from the date of receipt closure request from the BO.	
Operating Instruction 10.5.4	<u>Closure initiated by DP</u> ➤ A DP can initiate the closure of a BO account for reasons such as: 1. Non payment of dues. 2. Violation of agreement with the DP. 3. Transfer to another DP / Main DP due to closure of branch / main DP. ➤ A notice of minimum 30 days shall be given to the BOs intimating the BO of DP's intention to close the account, specifying the reasons for the same.	

Reference	Compliance Requirement	Remarks
	➤ A copy of this notice and proof of dispatch should be maintained by the DP. ➤ If no response is received within 30 days from BO, the DP shall initiate closure of the account. ➤ The requirements of sending transaction statement to the BO as specified under Closure initiated by BO shall be applicable.	
Operating Instruction 10.5.4	<u>Automatic closure of accounts under 'Pending for Activation' category by CDSL:</u> ➤ The CDSL system will automatically close accounts pending for activation for more than 30 days after set up (or as decided by CDSL from time to time), under the reason code – ID Not Activated Within Stipulated Time.	
Bye Law 5.5.4.7	<u>BO Account Closure in case of Withdrawal of DP / Termination of agreement:</u> ➤ The BO shall have the option of getting his securities transferred to another participant or get them rematerialised. ➤ Notwithstanding that the DP-BO agreement has been terminated or the DP has made an application for withdrawal, the DP shall act as a participant for the limited purpose of getting the securities held by him transferred to another participant or getting them rematerialised.	
Operating Instruction 10.5.3	➤ In cases where the BOs wish to withdraw the demat requests pending disposal by Issuers / RTAs for a long time, in order to enable them to close their demat account(s), the DP should advise the BOs to submit the following documents:- • A letter from BO in prescribed format, requesting for rejection of the pending dematerialisation request. • A letter giving the DRN details which is	

Reference	Compliance Requirement	Remarks
	duly signed and stamped by the DP. ➤ On receipt of the request from BO, the DP shall follow up with Issuer/ RTA for rejection of long pending demat request and on rejection of the same, proceed with the Account closure as per request received from the BO.	
Operating Instruction 10.6.1, 10.6.2	<u>Closure of an account due to shifting of an account:</u> 1. <u>From one CDSL-DP to another CDSL-DP or to a DP of the other depository.</u> ➤ BO intending to shift an existing account to another DP, should open a new account with another DP in the same order of names as in the existing account. ➤ For shifting of account, the BO should submit to the DP the following documents: 1. Duly filled and signed Account Closure Request Form with a remark in the 'Reason for closure' column as 'Shifting of account'. 2. Duly filled and signed debit instruction slip for balances to be transferred. In case the account is to be shifted to a DP of other depository, the debit instruction slip should be for Inter Depository Transfer. 3. A declaration stating that all transactions in the account are authentic. 4. All Unused Debit Instruction Slips and 5. Client Master Report, duly stamped and signed by the official of the new DP. The DP should verify whether the names in the new account and existing account are same and are in the same order.	
Operating Instruction 10.6.3	SHIFTING OF ACCOUNT from one CDSL-DP to another CDSL-DP / within the same DP / Inter-depository, where there is a difference in the name of the source and	

Reference	Compliance Requirement	Remarks
	target accounts of the same individual: The DPs are advised to ensure that the veracity of the claim of BO is thoroughly substantiated before the transfer of securities is effected.	
Operating Instruction 10.6.3.1	Change in name of a BO consequent upon marriage: ➤ The BO should obtain, Client Master Report of the account in the married name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP) In addition to above, following documents should be submitted by BO: 1. Duly filled and signed Account Closure request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2. Duly filled and signed DIS for balances to be transferred. 3. A declaration stating that all transactions in the account are authentic. 4. All unused DIS. 5. PAN Card in the married name 6. Marriage Certificate of the BO.	
Operating Instruction 10.6.3.2	Reverting to maiden name (consequent upon divorce): ➤ The BO should obtain, Client Master Report of the account held in maiden name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP). In addition to above, following documents should be submitted by BO: 1 Duly filled and signed Account Closure	

Reference	Compliance Requirement	Remarks
	request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2 Duly filled and signed DIS for balances to be transferred. 3 A declaration stating that all transactions in the account are authentic. 4 All unused DIS. 5 PAN Card in the maiden name 6 Divorce Certificate or Order of the Court confirming the dissolution of the marriage.	
Operating Instruction 10.6.3.3	Change in name of a BO by notification in Official Gazette: ➤ The BO should obtain, Client Master Report of the account in the new name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP). In addition to above, following documents should be submitted by BO: 1. Duly filled and signed Account Closure request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2. Duly filled and signed DIS for balances to be transferred. 3. A declaration stating that all transactions in the account are authentic. 4. All unused DIS. 5. PAN Card in the new name of the BO 6. Original Gazette Notification or copy of Gazette Notification duly notarized or attested by Gazetted Officer.	

INTERNAL CONTROLS / REPORTING TO CDSL

Internal Controls

Reference	Compliance Requirement	Remarks
Clause 14	➤ The DP should install and maintain suitable systems, audit and control measures including setting up of separate internal controls and an audit department inter alia for regularly reviewing his/its internal operations to ensure due compliance and maintaining the integrity and confidentiality of data transmitted to CDSL as may be laid down under the Bye Laws and Operating Instructions.	
Bye Law 5.2.1.7 Comm. 517 dated January 27, 2005 Regulation 58B Comm. 127 dated February 28, 2002 Comm. 517 dated January 27, 2005	<u>Appointment of Compliance Officer</u> ➤ The DP has to appoint a Compliance Officer at the DP office and at all live connected branches to interact with CDSL on its behalf for compliance with Bye Laws and for resolution and redressal of BOs' grievances. ➤ The Compliance Officer shall immediately and independently report to the SEBI any non-compliance observed by him. ➤ The details of the Compliance Officer and any change thereof shall be informed by DP to CDSL, in the prescribed format. ➤ The Compliance Officer appointed by the DPs for the main DP office and at their live connected branches should be a. an employee of the DP and b. either: 1. a director of the DP., or 2. a graduate with two year experience in securities market, or 3. a holder of Secondary School Leaving Certificate with five year experience in the securities market.,	

Reference	Compliance Requirement	Remarks
Operating Instruction 17.7	Requirement of Trained Personnel at Main DP / Live Connected Branches / Service Centres 1. At Main DPs and their live connected branches (that is, DP-branches having direct connectivity with CDSL): a) two persons who have attended the five-day training programme conducted by CDSL and certified; or b) one person who has attended the five-day training programme conducted by CDSL and certified and one person who has obtained the BCCD certification from BSE 2. At service centres of DPs, one person who is either CDSL-trained and certified or BCCD-certified. ➤ DPs should ensure that trained staff possess valid certification as the BCCD certification has a validity period of three years.	
Comm.447 dated August 11, 2004	➤ DP should register more than one authorized signatory with CDSL for signing important correspondence like contingency set-up, main DP / branch DP right reversals etc.	

Reference	Compliance Requirement	Remarks
Bye Law 16.3 Comm. 874 dated April 11, 2007	<u>Internal Audit</u> ➤ The DP should ensure that an internal audit is conducted for the period ending 31st March and 30th September in respect of its operations relating to CDSL by an independent qualified Chartered Accountant or a Company Secretary in practice. ➤ A copy of the Internal Audit report should be furnished to CDSL by 15th May for half year ended 31st March and 15th November for half year ended 30th September. ➤ The scope of an internal audit shall cover the existence, scope and efficiency of the internal control system, compliance with the provisions of the Act, the Regulations, the Bye Laws, Operating Instructions, agreements and systems security and insurance in the office of the participant in respect of the operations of CDSL.	
Comm. 874 dated April 11, 2007	➤ Training of internal and concurrent auditors The DP should ensure that at least one person conducting the internal and/or concurrent audit (risk prone areas) of the Depository Participants should be BCCD certified or should have participated in a training programme conducted by CDSL. The internal audit report and consolidated concurrent audit report should contain declaration to that effect.	The format of the internal audit report should be in accordance with the communiqué issued by CDSL from time to time in this regard.
Comm. 721 dated July 11, 2006	<u>Concurrent Audit of risk prone areas</u> (i) The DPs are required to conduct the concurrent audit of risk prone areas (as specified by CDSL from time to time) of their CDSL operations (ii) The concurrent audit should be conducted by an independent firm of qualified Chartered Accountants or Company	

Reference	Compliance Requirement	Remarks
Comm. 1076 dated March 25, 2008	Secretaries holding a Certificate of Practice. (iii) The concurrent auditors should verify the specified areas on 100% basis and submit the report to the DPs on monthly basis by the 10th of the following month. (iv) If any serious non-compliance is reported by the concurrent auditor, the DP should immediately inform CDSL. (v) The DPs should also inform their concurrent auditors that if any serious non-compliance is observed by them during the concurrent audit, the concurrent auditors should report the same to CDSL directly in addition to reporting the same to the concerned DP. ➤ Further, the concurrent auditor should give a declaration in his report that he has taken into consideration contents of communiqués with respect to concurrent audit of risk prone areas. <u>Consolidated concurrent audit report</u> ➤ The DP shall submit only one report covering the 'Concurrent Audit of Risk Prone Areas' and 'Internal Audit Report'. (a) If the Internal and Concurrent Auditor is the same for a DP, the internal auditor would specifically confirm 100% checking of areas to be covered under concurrent audit of risk prone areas. The same should be reflected under the sampling plan of the internal audit report. (b) If the Internal and Concurrent Auditor is different for a DP, the consolidated concurrent audit report for the six months should be attached along with the internal audit report.	

Reference	Compliance Requirement	Remarks
Bye Law 5.3.5.2	➤ In case the DP is a Stock Broker, such DP shall ensure that the aggregate market value of portfolio of securities (AVPS) of all the BOs held in dematerialised form in CDSL through him shall be within the limits as specified by SEBI from time to time and if it so exceeds on any given day, the DP shall forthwith inform CDSL about it.	In case the AVPS crosses 90 times, the DP will be restrained from opening new accounts till the time it brings the exposure limit below 75 times or increase its net-worth by 25%. As soon as the AVPS of any DP crosses 75 times of its net-worth, the DP shall be required to take necessary precautions and increase its net-worth.

Reporting To CDSL / SEBI

Reference	Compliance Requirement	Remarks
Regulation 48 & Bye Law 16.2.6	➤ The DP shall submit periodic returns to CDSL / SEBI in respect of its business and operations in CDSL in the format specified.	
Operating Instruction 17.6 Comm. 1720 dated September 18, 2009	BO Grievance Report ➤ The DPs shall submit a BO Grievance Report in specified format to CDSL on monthly basis before 10th of the following month. ➤ In case the DP does not have any grievance to report, a “nil” report has to be submitted. ➤ DPs should take care that grievances received by them through all modes are reported to CDSL. A consolidated report is to be submitted by the Main DP for all its branches, if any. ➤ DPs should note that the BO grievance report can be submitted to CDSL either electronically (via e-mail) or in hard copy form. ➤ DPs should note that only those reports which are generated through the system provided by CDSL and received through the email ID of the Compliance Officer registered with CDSL, will be taken on record. ➤ The report should be e-mailed to CDSL at reports@cdslindia.com	
Bye Law 16.2.10	➤ Every DP shall furnish to CDSL such information relating to various obligations to be performed by him from time to time in such format as may be prescribed by CDSL to enable CDSL to review and monitor his performance and to ascertain the level of compliance with the provisions of	Please refer “INFORMATION / DOCUMENTS TO BE SUBMITTED TO CDSL”

Reference	Compliance Requirement	Remarks
	the Act, Regulations, Bye Laws and Operating Instructions issued by CDSL from time to time.	
Bye Law 5.3.18	➤ The DP should, upon discovering any loss of any securities, instruments, or documents, that may have come into its hands in the course of its business, notify CDSL, the concerned Issuer or its RTA and BO in that behalf.	
Bye Law 16.2.1	➤ The DP should furnish to CDSL every year, but not later than six months after the end of its financial year, a copy of : (i) the audited financial statements (ii) the auditors' report	
Bye Law 5.2.1.4.1	➤ Where the DP is a Non-Banking Finance Company or a RTA, it should maintain the net worth specified in Regulation 19(a)(ix) and 19(a)(x) of the Regulations respectively.	
Bye Law 5.2.1.4.2 Bye Law 5.3.5.1.1, Bye Law 5.3.5.1.2,	➤ Where the DP is a Stock Broker, it should maintain a networth of rupees 2 (two) crores. An existing Participant who is a Stock Broker should ensure that as of 31 st March, 2010 it has a net worth of rupees 2 (two) crores. ➤ Where the participant is a Stock Broker or a Non-Banking Finance Company or a RTA, statement of net worth computed in the manner specified in the Operating Instructions issued by CDSL from time to time and duly certified by Statutory Auditors based on the annual audited accounts of the participant for the year ended 31 st March, should be submitted on or before 30 th September every year. ➤ Where the participant belongs to the category which is other than those mentioned above, the statement of	

Reference	Compliance Requirement	Remarks
	networth computed in the manner prescribed by the concerned regulatory authority of that entity and duly certified by the statutory auditors based on the audited annual accounts of the participant for the year ended 31st March, should be submitted on or before 30th September of every year.	
Clause 16	The DP shall notify CDSL forthwith. ➤ In case the DP is an individual, in the event of his incapacity to act as such. ➤ In case the DP is a partnership firm, in the event of dissolution of the firm or a notice being served or a suit being filed. ➤ In case the DP is a company or a body corporate, upon a petition for winding up being presented in any court or a resolution being passed for winding up of the DP. ➤ Any scheme being framed for merger, amalgamation or reconstruction of the DP. ➤ On its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property. ➤ Upon its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the DP or its property for recovery of any taxes, duties, levies, penalties, cesses or dues. ➤ Upon any application being presented to any court for attachment of the assets or properties of the DP. ➤ In the case of any change in his/its financial conditions which may lead to his/its insolvency or dissolution or winding-up or if it suffers a composition with his/its creditors. ➤ Upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator	

Reference	Compliance Requirement	Remarks
	in respect of any of its properties or any other change in circumstances which could materially affect its capacity to act as a DP. ➤ In case the DP is also a CM, upon his/its being declared a defaulter or being suspended or his/its membership being terminated by the concerned stock exchange or clearing corporation or by SEBI. ➤ In the event of the DP being an intermediary (in any capacity other than as a participant) as contemplated by the Securities and Exchange Board of India Act, 1992, upon suspension or termination or de-registration of the Participant as such intermediary by SEBI or any other regulatory body or authority empowered to do so. ➤ In the event of the DP ceasing to meet any of the eligibility and/or admission criteria laid down by SEBI and/or CDSL. ➤ Upon the DP becoming aware of any event or occurrence which is reasonably likely to materially affect his/its commercial viability or existence or his/its ability to perform his/its obligations under this Agreement or which constitutes a material adverse change in the eligibility criteria laid down by CDSL or by SEBI or any other regulatory authority under any law in force for the time being.	

Change in DP name and registered office address

Reference	Compliance Requirement	Remarks
Operating Instruction 15.4	Change in name of DP Following documents are required to be submitted to CDSL ➤ Bank-DP 1. Request Letter for the change in name of the applicant –DP 2. Certified true copy of the Board Resolution / Special Resolution 3. Form No. 23 showing filing of the Special Resolution with the Registrar of Companies (ROC) along with the ROC receipt showing the payment of fees. 4. Certified true copy of fresh certificate of incorporation issued by the Registrar of Companies (ROC) for the change in the name. 5. Amended copy of the Memorandum and Articles of Association, if any. 6. Original SEBI Registration Certificate as a DP of CDSL. 7. Declaration that the change in name has been effected in all the registration certificates issued by SEBI. 8. Any other document(s), as and when required by SEBI. ➤ CM DP: ➤ In addition to the abovementioned documents a copy of the communication received from Stock Exchange confirming change of name in broking registration certificate should be submitted. ➤ Stock Exchange-DP: 1. Certified true copy of the Gazette of India, publishing the (Corporation and Demutualization) Scheme in the new name	

Reference	Compliance Requirement	Remarks
	2. Certified true copy of Fresh Certificate of Incorporation issued by the Registrar of Companies (ROC) in the new name. 3. Original SEBI Registration Certificate as a DP of CDSL. 4. Any other document(s) as and when required by SEBI. ➤ Non-Banking Finance Companies (NBFC): 1. All formalities as those required for the Corporate DP and requisite permission from RBI. 2. In case the Company has rectified its name under section 22 of the Companies Act, 1956, DP should submit certified copy of an ordinary resolution along with the approval of the Central Government.	
Operating Instruction 15.5	Change in registered office address of the DP Following documents are required to be submitted to CDSL A. In case the registered office is proposed to be changed within the local limits: 1. Certified true copy of the Board resolution. 2. Form 18 filed with the Registrar of Companies along with ROC receipt. 3. Original SEBI Registration Certificate as DP of CDSL. B. In case the registered office is proposed to be changed outside the local limits but within the State: 1. Certified true copy of the board resolution and the special resolution passed at the Annual General Meeting of the Company. 2. Form No.23 and Form No.18 filed with the	

Reference	Compliance Requirement	Remarks
	Registrar of Companies (ROC) along with the ROC receipts. 3. Original SEBI Registration Certificate as a DP of CDSL. C. In case the registered office is proposed to be changed outside the State: 1. Intimation letter for the change in registered office address of the DP. 2. Certified true copy of the board resolution and the special resolution passed at the Annual General Meeting of the Company. 3. Form No.23 and Form No.18 filed with the Registrar of Companies (ROC) of the new state along with the ROC receipts. 4. Certified true copy of the amended Memorandum and Articles of Association of the Company. 5. Copy of the notice published in the newspaper. 6. Original SEBI Registration Certificate as a DP of CDSL.	
	In addition to the above documents, following documents are required to be obtained: ➤ Certified true copy(ies) of SEBI Registration Certificates of all the Stock Exchanges affiliated with, after incorporation of the change in the registered office address, wherever applicable. ➤ Declaration that the proposed change in registered office address is effected in all broking registration certificates issued by SEBI. ➤ Any other document(s) as and when required by SEBI.	
Operating Instruction 15.6	Change in DP address (Operation Site) ➤ The letter, addressed to CDSL, should	

Reference	Compliance Requirement	Remarks
	clearly state the OLD ADDRESS as well as the NEW ADDRESS of the DP and the effective date on which the change of address is to be effected. ➤ The DP should clearly mention the OLD IP ADDRESS as well as the NEW IP ADDRESS. This would be applicable for DPs who have already established connectivity through VSAT, Leased Line of BSE. ➤ The name, address and official contact details of the Compliance Officer and other authorised signatories should be submitted to CDSL. ➤ Certified true copy of Form 18 / Form 23, in case the new address is also the registered office address of the DP, evidencing that the DP is operating from the new address. ➤ The Lease agreement of the new premises or ownership document such as Sale Deed, latest Maintenance Receipt, Tax Receipt, etc. ➤ DPs are to ensure that all their BOs are duly informed, in writing, of any change incorporated by the DP in its name, status and address of its DP operations. ➤ DPs should send such intimation letters to their BOs and maintain proof of dispatch of such letters.	

INFORMATION/ DOCUMENTS TO BE SUBMITTED TO CDSL

Sr. No.	Particulars	Periodicity for submission of reports	Due dates for submitting reports
1.	BO Grievances Report	Monthly	10 th of the following month
2.	Internal Audit Reports and concurrent audit of risk prone areas	Half yearly	15 th May for half year ended 31 st March & 15 th November for half year ended 30 th September
3.	Audited Net Worth Certificate	Yearly	30 th September, after end of each financial year.
4.	Audited Financial Statements	Yearly	30 th September, after end of financial year
5.	Submission / Dissemination of DP Tariff / Charges structure	Yearly	On or before 30 th April every year and as and when tariff structure is revised
6.	Compliance Officer Details	If new officer appointed or any change in the office	Immediately
7.	Number of Suspicious Transaction Report (STR) filed directly with FIU-IND during a given month	Monthly	Within 7 th of the following month.

Compliance Reports:

8.	Compliance report in respect of Inspection / Internal Audit / Concurrent Audit, duly counter signed by concurrent / internal auditor should be submitted to CDSL within 30 days from receipt of non-compliance letter from CDSL.
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INFORMATION/ DOCUMENTS TO BE SUBMITTED TO FIU-IND

Sr. No.	Particulars	Periodicity for submission of reports	Due dates for submitting reports
9.	Suspicious Transaction Report (STR)	Fortnightly on receiving alerts from CDSL or whenever alerts are generated by DP or whenever suspicious transactions are seen by DPs.	To be submitted within 7 days of discovering the suspicious transaction.

GRIEVANCE REDRESSAL

Reference	Compliance Requirement	Remarks
Regulation 20 (2) (e) & Clause 25	➤ The DP shall redress the grievances of BOs within thirty days of the date of receipt of the complaint and keep the depository informed about the number and the nature of redressal.	
Comm. 432 dated July 17, 2004, SEBI/MRD/DO P/Cir-22/2004 dated July 14, 2004	➤ The Grievance Redressal Mechanism (for details refer Annexure A of Comm. 432 of 17.07.04) should be printed on the inside back cover of the Delivery Instruction Form issued by the DP.	
Bye Law 5.3.5.4 & Clause 7.1.3	➤ The DP shall submit the information about the number of complaints received from BOs during the month, complaints redressed during the month, complaints remaining unredressed, their nature and status thereof and the steps taken by the DP for redressal thereof, before the 10 th day of every succeeding month.	
Comm. 816 dated January 03, 2007	➤ The DPs are advised to designate an exclusive EMAIL ID of the Grievance Redressal Department or Compliance Officer for the purpose of registering complaints of investors and for taking necessary follow-up actions ➤ This exclusive email ID should be prominently displayed on the DP's website and in the various materials / pamphlets / advertisement campaigns initiated by the DP for creating investor awareness.	

RECORD MAINTENANCE

Reference	Compliance Requirement	Remarks
Regulation 49(4)	➤ The DP shall intimate SEBI the place where its records and documents are maintained.	In case there is any change, the same should be intimated to SEBI and CDSL immediately.
Comm. 680 dated March 31, 2006 SEBI Cir No. ISD/CIR/RR/AM L/2/06 dated March 20, 2006	➤ The DP shall preserve all the original records and documents for a period of ten years.	
Operating Instruction 2.8.1 Operating Instruction 2.8.2 Operating Instruction 3.6	<u>The DP shall maintain the following records:</u> ACCOUNT OPENING: ➤ Account Opening Form ➤ Agreement ➤ Power of Attorney Documents ➤ Nomination Form ➤ Supporting documents furnished with Account Opening Form ➤ Nomination Register ➤ Power of Attorney Register The above records should be preserved as long as the account is active and subsequently for a minimum period of ten years subject to any other law in force for preservation of records. ACCOUNTS ADMINISTRATION AND MAINTENANCE: ➤ All written instructions together with enclosures received from the BOs till the account is active and subsequently for a period of 10 years after the account is closed or any such period as may be prescribed by SEBI from time to time. ➤ Copies of letters sent to BOs confirming modifications done along	

Reference	Compliance Requirement	Remarks
Operating Instruction 4.10	with proof of dispatch of the letters. DEMATERIALIZATION OF EXISTING SCRIPS ➤ Copies of DRFs / TRPFs ➤ Record of : a) Demat requests sent to Issuers / RTAs b) Demat rejections received from Issuers / RTAs and dispatch details about documents returned to the BOs. c) Follow up letters sent to Issuers / RTAs for pending demats.	
Operating Instruction 6.8	SETTLEMENTS ➤ All instruction slips received from BOs ➤ Requisition slips against which fresh delivery instructions slip booklets were issued. ➤ Registers for recording: (a) Serial number of instruction slips issued to the BO (b) Loose instruction slips (c) Statements / computer printouts containing consolidated details of instructions executed by the DPs on behalf of clients who have given POAs to DPs / CMs.	
Operating Instruction 7.9	TRANSMISSION ➤ Notarised / attested copies of death certificates of the deceased BOs and letters of administration / probates of will / succession certificate of deceased BOs ➤ Correspondence with the successor / nominees ➤ Transmission request forms, ➤ Letter of indemnity ➤ Affidavits on appropriate non-judicial stamp papers ➤ No Objection Certificates from legal heirs	

Reference	Compliance Requirement	Remarks
Operating Instruction 8.7	PLEDGING AND HYPOTHECATION ➤ Pledge Request Forms, Unpledge Request Forms and Invocation Request Forms	
Operating Instruction 9.7	REMATERIALISATION / REPURCHASE ➤ Rematerialisation Request Forms (RRFs)/ Repurchase Request Forms, where applicable	
Operating Instruction 10.9	ACCOUNT CLOSURE ➤ Account Closure Request Forms / Request Letters / documents received from BOs for closure of their accounts ➤ DP initiated closure – letters sent to the BOs by the DP citing the reasons for closing the account and proof of dispatch of such notices ➤ Closure initiated by CDSL – copies of Court Orders / Orders from other statutory or regulatory authorities received from CDSL	
Operating Instruction 13.7	FREEZE AND UNFREEZE ➤ Copies of Freeze Request Forms Unfreeze Request Forms, Order for freezing / unfreezing of BO account from Court, Tribunal, Statutory / Regulatory Authorities together with supporting documents.	
Comm. 566 dated August 9, 2005	➤ The originals of documents, copies of which have been taken by CBI, Police or any other enforcement agencies during the course of any investigations, shall be preserved both in electronic and in physical form till the trial is completed.	
Regulation 51	➤ Where a DP has entered into an agreement with more than one Depository, it shall maintain all the records separately in respect of each depository.	

RECONCILIATION

Reference	Compliance Requirement	Remarks
Regulation 47, Bye law 5.3.9 & Clause 11	➤ Every DP shall reconcile his records with CDSL on a daily basis using the various reports available on the system. ➤ Every DP shall, as a continuous process and on an on-going basis reconcile with its own records and those of its BOs, all records, balances, advices, statements and reports received by it from CDSL. ➤ Any error or omission in such records, balances, advices, statements and reports shall be promptly notified to CDSL.	
Operating Instruction 2.7, 3.5, 4.9, 6.7, 7.8, 8.6, 9.6, 10.8, 13.6	The DP should, on a daily basis, do reconciliation of following requests: ➤ Account Opening ➤ Account maintenance ➤ Dematerialisation ➤ Instructions slips ➤ Transmission ➤ Pledge, unpledge, invocation ➤ Rematerialisation ➤ Account Closure ➤ Freeze, unfreeze	Total requests received during the day should reconcile with the requests confirmed, rejected and pending.

SYSTEM / CONNECTIVITY

Reference	Compliance Requirement	Remarks
Regulation 45 & Clause 5	➤ Every DP shall maintain continuous electronic means of communication with each depository in which it is a participant	
Clause 4 & Comm. 309 dated September 3, 2003	➤ The DP should install at his/its premise computers, printers, communication equipment and un-interruptible power supply units, systems software and any other equipment, hardware and software as specified. ➤ All the computers, communication equipment, printers, un-interruptible power supply units and all other hardware and software should be of the specified configuration and sourced only from CDSL empanelled/approved brands. ➤ The hardware and software set-up should be utilized by the DP exclusively for CDSL specific application module. ➤ The DP should not connect the hardware to its inter-office Wide Area Network without the prior written permission of CDSL. ➤ The DP has to, on its own cost, carry out such addition, modification, up-gradation or replacement of the said hardware and /or software as may be specified by CDSL.	
Clause 23 Comm. 435 dated July 21, 2004	➤ The DP should strictly follow the back-up procedure as recommended. ➤ The back up of database and report folders should be taken on daily basis. ➤ Depending on transaction volume, a separate media should be used to take periodic back up at least on monthly basis and this media should be preserved. The back ups should not be stored on the same machines on the second hard disk and floppies should not be used for taking back ups.	

Reference	Compliance Requirement	Remarks
Comm. 1731 dated September 30, 2009	➤ A date-wise back up register in manual form or in back office should be maintained to keep record of the activity and inventory of the back up media. ➤ Two copies of all backup media should be created and one copy of the backup should be stored offsite. Backup and Restore Process 1. <u>Daily Backup:</u> ➤ Backup should be taken daily and should be mandatorily stored for SEVEN days. That is, every Monday's backup may be overwritten with the backup of the following Monday's backup. 2. <u>Monthly Backup:</u> ➤ The monthly backup media should be stored for 12 months. That is, backup for the month-end of January may be overwritten with the backup of the month-end of January of the following year. 3. <u>Release-wise Backup:</u> ➤ The release-wise backup should be kept for three releases. 4. <u>Additional Measures:</u> ➤ Back up to be taken of Q:\Reports folder. ➤ For taking back up of database, procedures (as explained in Annexure-A of communiqué no. CDSL/OPS/DP/1390), should be followed. ➤ Back up should not be stored in the same hard disk or a second hard disk attached to the workstation.	

Reference	Compliance Requirement	Remarks
	➤ Back up should be taken on external media such as CD / DVD / Tape / any other external backup device. ➤ The external back up device, as mentioned above, should be dedicated to CDSL backup only. ➤ For each day of the week, separate media should be used for backup i.e. different CD / DVD / Tape / external backup device. The same media may be recycled to take backup the following week. ➤ CDSL strongly recommends that one copy of the backup media be stored <u>offsite</u>.	
Clause 24 Comm..410 dated May 19, 2004	➤ The DP should inform CDSL of any loss or failure of connectivity between DP and CDSL. ➤ In case of interruption of Depository Services at the DP the DP should lodge their request for contingency arrangements at CDSL helpdesk and follow the procedure as mentioned in communiqué.	
Regulation 50	➤ Where records are kept electronically by the DP, 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.	
Comm. 541 dated April 15, 2005	➤ The DP shall ensure that “Acrobat Reader Software” should be installed at the server and work stations where CDAS system is installed.	

Reference	Compliance Requirement	Remarks
Comm. 773 dated October 18, 2006	➤ DPs with more than 500 BO accounts, have to set up a back office system, with the prescribed features, with effect from April 01, 2007.	
Comm. 1577 dated May 13, 2009	➤ All DPs are advised to ensure that a back office system is installed and operational by December 01, 2009. The back office system should contain, as a minimum requirement, the following operational features: ➤ Maker-Checker facility for all transactions entered. This would include account opening, demat and all other transactions. ➤ Capture of BO signature and retrieval for the purpose of verification at the time of entry of instructions. ➤ Maintaining proper record of Delivery Instruction Slips [DIS] with respect to the following activities, as mentioned in the DP operating instructions: a. Inventory control of printed instruction slip books. b. Recording issue of instruction slip books to BOs. c. Precautions while accepting duly filled DIS from the BOs and execution of the same. d. Issue of loose DIS to the BOs. e. The facility to record or cancel slips / slip-books which are reported lost / returned by the BOs. f. DIS issued to and received from POA holders. g. Verification of high value DIS. h. Any other requirement communicated by CDSL, in this regard, from time to time. ➤ The back office system should be able to import various reports generated by the CDSL system for the purpose of updating	

Reference	Compliance Requirement	Remarks
	transaction status / reconciliation. ➤ The back office system should be able to generate batch files of account opening and various transactions, in prescribed formats, for uploading to the CDSL system and import the success / failure reports generated for the uploaded transactions. ➤ The back office system should be "Settlement Pocket" compliant i.e. it should have all the features to support "Settlement Pocket". ➤ As a risk management measure, CDSL has provided a utility to encrypt transactions files created in the back office. The feature should also be implemented in the back office system.	
Comm. 395 dated April 15, 2004	➤ DPs should ensure to install Contivity VPN Client Software provided by CDSL in accordance with the prescribed procedure.	
Comm 309 dated September 3, 2003 Comm. 538 dated April 5, 2005 & Comm. 650 dated January 23, 2006	<u>'Variable access rights' scheme</u> ➤ The DP should properly implement the variable access rights to control access and manage the roles of different users most efficiently and gives better control for managing the daily operations of CDAS system. CDSL application provides a facility for DP to create users and provide access rights to them. Rights can be specified in terms of access time as well as transactions. ➤ The DP should note: a. To create appropriate login under the clauses allocated by CDSL and further allocate modules and transaction rights thereof. - b Not to allow the operators to share user ID and their passwords. c. If compliance officers/ any employee / user leaves the DP organization their ' Login ID' should immediately be made 'permanently	

Reference	Compliance Requirement	Remarks
	inactive' and subsequently deleted from the system.	
Comm. 309 dated September 3, 2003	➤ The DP should ensure that whenever any changes in upload file formats are sent to them, the same should be promptly incorporated in their back office.	
Comm 309 dated September 3, 2003	<u>Anti virus software to be loaded on server and / or client machine(s)</u> ➤ DPs shall ensure that a suitable Anti Virus Software as recommended by CDSL, be installed on the server / workstation where the CDSL application is loaded.	
Operating Instruction 17.5	Connectivity with CDSL on working / business dates ➤ DPs are advised to ensure that they log on to the CDSL system on all business dates. Prior intimation to CDSL is mandatory if a DP will not be logging on to the system for two business days or more, at a time. Failure to log on and/or give prior intimation to CDSL would attract penalty as outlined in the DP operating instructions.	

ASSIGNMENT OF BUSINESS

Reference	Compliance Requirement	Remarks
Regulation 52, Bye law 5.3.30 & Clause 26	➤ The DP shall not assign its business and/or functions as a participant or entrust the control or conduct of its business and/or functions to any person except with the prior written approval of CDSL and subject to such terms and conditions as CDSL may stipulate from time to time. ➤ If there is any substantial change in the share holding pattern or constitution of the Board of Directors or in the composition of the partnership, it shall constitute an assignment of the business and/or functions and prior written approval from CDSL shall be obtained.	
Comm. 75A dated January 22, 2001	➤ On set up of the DP branch following points have to be complied with: 1. The branches of the DP must have the requisite hardware / software as prescribed by CDSL. 2. The branch premises must be owned / leased or licensed to the main DP. 3. The branch of the DP must have the communication network registered in the name of the main DP or leased or licensed to the main DP. 4. The branch of the DP must have at least one staff member who is on the payroll of the main DP. 5. The branch of the DP must display the name of the main DP prominently. 6. The branches of the DP must have the requisite trained personnel to handle the DP operations. 7. The branches of the DP must have adequate provisions for safety and security of the documents pertaining to the BOs. 8. The main DP should submit an undertaking to fulfill all rights and obligations on behalf of all its branches.	

Reference	Compliance Requirement	Remarks
	➤ Point 1 to 7 has to be complied on regular basis.	
Comm. 252 dated March 7, 2003	➤ If DPs are having any collection branch without electronic linkage with main DP or electronically connected branch through back office software, it should immediately convert itself into either direct electronically connected branch, if it is commercially viable proposition to do so or have it linked with the main DP centre electronically connected through back office software	
Comm. 956 dated September 14, 2007	<u>Supervision of branches of Depository Participants</u> Main DPs are advised to comply with following requirements regarding supervision of branches of Depository participants 1) To keep on record, identification documents (including photo-identification) of all the persons engaged in DP operations – (i) at their Main office; (ii) at all live-connected branches, and (iii) at back office connected branches. 2) The DP shall inform CDSL about the setup of branches in the prescribed format. 3) To maintain documentation at the Main office regarding the scope of activity of each branch (live or back office). This documentation should include the following aspects: (i) Services being provided by each branch (live-connected or back-office connected); (ii) Authorization levels of each type of transaction, i.e. ⇒ Maker / Checker ⇒ Limits based on value of transactions	

Reference	Compliance Requirement	Remarks
	(iii) Record-keeping policy, including Exception Reporting Mechanism, Maintenance of Registers, Agreements, Inventory of Instruction Slip Booklets, Reconciliation procedures (if any documents are forwarded to the Main DP). 4) To ensure that all live connected branches as well as back office connected branches display the types of services provided by each of them. The display board / chart should be prominently visible to the clients. The DO'S AND DON'TS should also be displayed similarly. 5) To ensure that back office connected branches fulfill the following criteria: (i) Adequate infrastructure (ii) Adequately trained staff (at least one person who is CDSL-trained / BCCD certified. (iii) Name of the Main DP should be displayed prominently on the premises of the branch. (iv) Any communication to CDSL relating to issues of any DP-branch should be on the DP's letterhead and signed by the compliance officer/authorized signatory. (v) The back office connected branch should be managed by the DP's own staff. However, if such a branch is managed by a franchisee, DPs are advised to follow the additional guidelines given below, in addition to the guidelines given in (i), (ii) & (iii) above. DPs may also specify additional criteria as per their own requirements: ➔ Franchisees should be duly registered (with a valid	

Reference	Compliance Requirement	Remarks
	registration certificate on the date of appointment), with a regulatory authority such as a recognized stock exchange, SEBI, RBI or IRDA. ➔ DPs should sign an agreement with the franchisee, covering services that can be offered by the franchisee. ➔ The DP should prescribe minimum financial criteria for a franchisee.	
Comm. 956 dated September 14, 2007	I. While ceasing the DP services from a franchisee / back office connected branch, the DP should make alternative arrangements to provide service to the BOs, who are availing of depository services through the said franchisee / back office connected branch. II. The DP shall inform CDSL about termination of such franchisee/back office connected branch services within 10 days of termination, in the prescribed format. The DP shall also confirm compliance with the aforementioned requirements. III. The Main DP should ensure comprehensive takeover and maintain the records of terminated franchisee / back office connected branches.	
Comm. 956 dated September 14, 2007	➤ The Main DP shall be responsible for all acts of omission and commission of all its branches including back office connected branches / franchisees.	
Comm. 1758 dated October 30, 2009	Prior Approval of CDSL for Opening a DP Service Centre ➤ DPs should note that with effect from November 01, 2009, prior approval of CDSL should be obtained for opening a DP Service Centre including back office connected branches and collection	

Reference	Compliance Requirement	Remarks
	centres. ➤ For this purpose, DPs should submit an application to CDSL along with the requisite information in the prescribed format . ➤ DPs are also advised to ensure that a soft copy of the information (submitted along with the application) is forwarded to CDSL, at email ID: scapprovals@cdslindia.com. ➤ The DP shall undertake that: a. The service centre has and will maintain adequate infrastructure commensurate with the type of depository services being offered at the service centre. b. The service centre has and will have at least one person who is depository trained and certified or BCCD certified. c. The Participant has and will maintain on record identification documents (including photo identification) of all the persons engaged in DP operations at the service centre. d. The service centre will have the name of the Main DP prominently displayed in the premises of the service centre. e. If such a service centre is managed by a franchisee : • The franchisee should be duly registered (with a valid registration certificate) with a regulatory authority such as recognized stock / commodity exchange, SEBI, RBI or IRDA. • The DP should ensure that validity of the registration continues, otherwise the DP will terminate the franchisee arrangement for DP operations with such entity.	

Reference	Compliance Requirement	Remarks
	The DP should enter into an agreement with the franchisee covering services that can be offered by the franchisee.	

CODE OF CONDUCT

Reference	Compliance Requirement	Remarks
Regulation 20A	➤ All the participants shall, at all times, abide by the Code of Conduct as specified in the Third schedule.	
1.	➤ DPs shall make all efforts to protect the interest of investors.	
2.	➤ DPs shall endeavor to: ➤ Render the best possible advice to the clients having regard to the clients needs and the environments and his own professional skills. ➤ Ensure that all professional dealings are affected in a prompt, effective and efficient manner. ➤ Inquiries from investors are adequately dealt with Grievances of investors are redressed without any delay.	
3.	➤ DP shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.	
4.	➤ DP shall be prompt and diligent in opening of a BO account, dispatch of the DRF, RRF and execution of debit instruction slip and in all the other activities undertaken by him on behalf of the BOs.	
5.	➤ DP shall endeavor to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.	
6.	➤ DP shall not increase charges/ fees for the services rendered without proper advance notice to the BOs.	
7.	➤ DP shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.	

Reference	Compliance Requirement	Remarks
8.	➤ DP shall not make any exaggerated statement whether oral or written to the clients either about its qualification or capability to render certain services or about its achievements in regard to services rendered to other clients.	
9.	➤ DP shall not divulge to other clients, press or any other person any other information about its client which has come to its knowledge except with the approval / authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.	
10.	➤ DP shall co-operate with SEBI as and when required.	
11.	➤ DP shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations, circulars and direction issued by SEBI. ➤ The DP shall also comply with the award of the Ombudsman passed under the SEBI (Ombudsman) Regulations, 2003.	
12.	➤ DP shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.	
13.	➤ DP shall not neglect or fail or refuse to submit to SEBI or other agencies with which it is registered, such books, documents, correspondence and papers or any part thereof as may be demanded/ requested from time to time.	
14.	➤ DP shall ensure that SEBI is informed promptly about any action, legal proceedings etc, initiated against it in respect of material breach or non-compliance by it, of any law, Rules, Regulations, directions of SEBI or of any other regulatory body.	

Reference	Compliance Requirement	Remarks
15.	➤ DP shall maintain proper inward system for all types of mail received in all forms.	
16.	➤ DP shall follow the maker-checker concept in all of its activities to ensure the accuracy of the data and as a mechanism to check unauthorised transaction.	
17.	➤ DP shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. ➤ DP shall ensure that for electronic records and data, up-to-date back up is always available with it.	
18.	➤ DP shall provide adequate freedom and powers to its compliance officer for the effective discharge of his duties.	
19.	➤ DP shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.	
20.	➤ DP shall be responsible for the acts or omissions of its employees in respect of the conduct of its business.	
21.	➤ DP shall ensure that the senior management, particularly decision makers, have access to all the relevant information about the business on a timely basis.	
22.	➤ DP shall ensure that good corporate policies and corporate governance are in place.	

Communiqué Issued / amendments made post-issue of Manual

[illegible]

PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA)

Reference	Compliance Requirement	Remarks
Comm. 649 dated January 23, 2006 and Comm. 673 dated March 22, 2006	➤ The DPs should formulate a proper policy framework in keeping with the objectives of anti money laundering measures as set out in the Act and the Rules notified. ➤ They should designate an officer as the “Principal Officer” who would be responsible for ensuring compliance of provisions of PMLA including timely submission of reports to Financial Intelligence Unit of Ministry of Finance. ➤ Name, designation and address (including e-mail address) of the “Principal Officer” should be immediately intimated to the Office of Director, Financial Intelligence Unit, New Delhi. ➤ In addition to the disclosures referred to in the guidelines annexed to the Communiqué, a DP may decide additional disclosures to be made by his clients. ➤ A DP should adhere to the following aspects spelt out in the guidelines regarding PMLA: a) Customer due diligence measures. b) Policy for acceptance of clients. c) risk-based approach. d) Clients of special category. e) Clients identification procedure. f) Record keeping. g) Preservation of records. h) Monitoring of transactions. i) Suspicious transactions and their reporting to appropriate authority. ➤ Records relating to cash transactions / suspicious transactions reported, should be maintained for a period of 10 years.	

Reference	Compliance Requirement	Remarks
Comm. 772 dated October 18, 2006	➤ The DPs are advised to note that CDSL's DP Operating Instructions and various communiqués issued, clearly outline the documents required to be obtained for account opening. However, DPs are required to exercise due diligence while establishing the identity of the intending BO(s), thus ensuring the safety and integrity of the depository system, as the provisions of PMLA stipulates that the intermediaries are also required to be aware of the nature of business and financial status of the intending BO(s) at the time of account opening or executing any transactions thereafter.	
Comm. 762 October 06, 2006	➤ For the purpose of reporting the details of suspicious transactions to the FIU-IND, CDSL has evolved certain criteria for generating alerts for DPs containing details of transactions that are potentially suspicious. DPs will be required to analyze and ascertain whether the transactions intimated by CDSL are suspicious in nature. For this purpose, DPs are advised to evolve their own procedure for scrutiny of the alerts for identifying suspicious transactions, so as to comply with the provisions of the PMLA and rules and guidelines thereof issued by FIU-IND/ SEBI from time to time. DPs should note that they should not restrict themselves to scrutinizing the transactions appearing in the alerts given by CDSL and should evolve their own mechanism to monitor all transactions. ➤ If DPs identify any transaction as suspicious in nature, they should submit the report directly to the Director, FIU-IND, New Delhi, in the prescribed format within 7 working days of establishment of suspicion.	

Reference	Compliance Requirement	Remarks
	➤ DPs are also required to maintain a Register where they should note the action taken on such report.	
Comm. 793 dated November 21, 2006	➤ DPs have to ensure that a proper policy framework covering client identification programme, retention of records and monitoring and reporting of suspicious transactions as per the Guidelines on anti-money laundering measures is put into place. DPs should send a copy of the Policy directly to FIU-IND.	
Comm. 1345 dated November 06, 2008	➤ DPs will be required to establish/identify suspicious transactions in the light of “Financial Status” and the “Nature of Business” of the clients. For such transactions, DPs should submit the Suspicious Transaction Report directly to FIU-IND in the prescribed format, within seven working days of establishment of suspicion. ➤ 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.	
Comm. 1446 dated January 29, 2009 Comm. 1776 dated November 11, 2009 Comm. 1779 dated November 13, 2009	➤ Consolidated List of individuals and entities subject to sanction measures and UNSC Resolutions 1267 and 1822 on Taliben / Al – Qaida ➤ DPs should note that the full and updated version of the Consolidated UN List is accessible at the United Nations Security Council's Al-Qaida and Taliban Sanctions Committee's website: http://www.un.org/sc/committees/1267/consolist.shtml. ➤ The individuals and entities listed under the Consolidated List are subject to sanctions including freezing of assets, notification to financial institution, denial of	

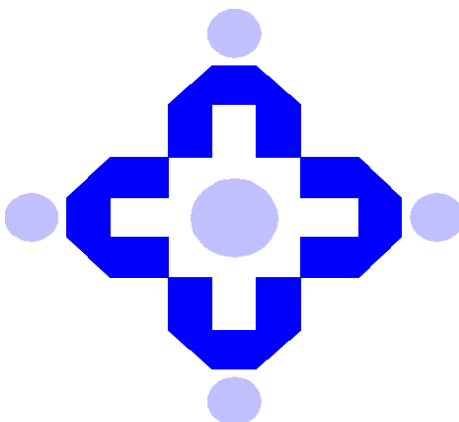
Reference	Compliance Requirement	Remarks
	financial services etc as per UNSC Resolutions and Government of India (GOI) order. ➤ DPs should note that in case any account/asset of designated entities/individuals mentioned in the Consolidated List is found, details of the same may be conveyed through CDSL to SEBI for further action.	
Comm. 1447 dated January 29, 2009	➤ IMPLEMENTATION OF UN SECURITY COUNCIL RESOLUTIONS / EU COMMON POSITION AND REGULATIONS ➤ DPs should note that UN Security Council unanimously adopted Resolutions, which among other things, calls for member states to freeze immediately the funds, other financial assets and economic resources owned or controlled by the persons and entities designated as well as additional persons or entities designated by the UNSC or by the Sanctions Committee set up by the Resolutions. ➤ DPs should note that the UN Resolutions and EU measures are available on the websites mentioned in Comm. No. 1447 dated January 29, 2009. ➤ DPs should note that in case any account/asset of designated entities/individuals mentioned in the Consolidated List is found, details of the same may be conveyed through CDSL to SEBI for further action.	

Reference	Compliance Requirement	Remarks
Comm. 1448 dated January 29, 2009	DPs are advised: ➤ To carefully analyze alerts sent by CDSL and file STRs with FIU-IND in appropriate cases ➤ To provide the following information in the grounds of suspicion so that FIU-IND will be in a position to analyze STRs correctly. 1. Details of initial alert sent by CDSL through an upload to the DP's billing folder 2. Information collected during analysis of alert 3. KYC information of the client 4. Period of the activities being reported 5. Quantum of the activities being reported 6. ISIN / Issuer Name, if reported transaction relates to a particular ISIN / Issuer 7. Explanation regarding the reported suspicion	
Comm. 1706 dated September 4, 2009	➤ DPs should take note of the contents of SEBI Circular, no. ISD/AML/CIR-1/2009 dated September 01, 2009 on the subject of Anti-Money Laundering [AML] Standards / Combating Financing of Terrorism [CFT] / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act [PMLA], 2002 and Rules framed thereunder and ensure compliance..	
Comm. 1751 dated October 24, 2009	➤ DPs should take note of the contents of SEBI circular no. ISD/AML/CIR-2/2009 dated October 23, 2009 on the subject of Combating Financing of terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 enclosing the order issued by Government of India, Ministry of Home	

<u>Reference</u>	Compliance Requirement	Remarks
	Affairs, New Delhi dated August 27 th , 2009 and ensure compliance.	

ANNEXURE - B

Central Depository Services (India) Limited



Compliance Manual for Depository Participants

November 2009

Version 5.0

TABLE OF CONTENTS

PREFACE	<u>3</u>
LIST OF ABBREVIATIONS / REFERENCES USED.....	<u>4</u>
ACCOUNT OPENING / MODIFICATION	<u>5</u>
DEMATERIALISATION	<u>43</u>
INSTRUCTION PROCESSING	<u>51</u>
TRANSMISSION.....	<u>65</u>
STATEMENT OF ACCOUNTS.....	<u>73</u>
PLEDGE /UNPLEDGE/ INVOCATION.....	<u>78</u>
REMATERIALISATION	<u>81</u>
FREEZE / UNFREEZE	<u>84</u>
ACCOUNT CLOSURE.....	<u>87</u>
INTERNAL CONTROLS / REPORTING TO CDSL	<u>94</u>
GRIEVANCE REDRESSAL	<u>109</u>
RECORD MAINTENANCE	<u>111</u>
RECONCILIATION	<u>115</u>
SYSTEM / CONNECTIVITY	<u>117</u>
ASSIGNMENT OF BUSINESS.....	<u>124</u>
CODE OF CONDUCT.....	<u>131</u>
PREVENTION OF MONEY LAUNDERING ACT 2002 (PMLA)	<u>135</u>

PREFACE

Depository Participants (DPs) are the frontline entities dealing directly with the investors. With increased activity in dematerialised mode, the volume and complexities of DP operations have increased considerably. This manual is intended to serve as a one-point reference guide for the DP about the various legalities and compliance to be adhered to in his business operations.

The Depositories Act 1996 (The Act), SEBI (Depositories and Participants) Regulations, 1996, the Bye-Laws of CDSL, Operating Instructions of CDSL, Agreement between CDSL and DPs, various circulars issued by SEBI and Communiqués issued by CDSL require the DPs to comply with certain procedures relating to functions in depository system. This manual highlights the compliance requirements by the DPs.

In terms of Regulation 58B of SEBI (Depositories and Participants) Regulations, 1996, the DP has to appoint a Compliance Officer who shall be responsible for monitoring of the compliance of the Act, rules, regulations, notifications, guidelines, instructions etc. as well as compliance with the Bye-Laws and Operating Instructions. This manual will be particularly useful for the compliance officers.

While every effort has been made to compile various relevant provisions of the Depositories Act 1996, SEBI (Depositories and Participants) Regulations, 1996, Bye-Laws of CDSL, Operating Instructions of CDSL, Agreement between CDSL and DP various Circulars issued by SEBI and Communiqués issued by CDSL up to 30.11.2009, this manual is not meant to be a substitute for the same.

CDSL 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.

LIST OF ABBREVIATIONS / REFERENCES USED

Abbreviation/ Reference	Term
AOF	Account Opening Form
ACF	Account Closure Form
BO	Beneficial Owner
BSE	Bombay Stock Exchange Ltd.
Bye Law	Bye Law of CDSL
CDAS / System	Central Depository Accounting System.
CDSL	Central Depository Services (India) Limited
Clause	Clause of Agreement between CDSL & DP
CC	Clearing Corporation
CH	Clearing House
CM	Clearing Member
CM CISA	Clearing Member Investors Securities Account
CM USA	Clearing Member Unified Settlement Account
Comm.	Communiqué i.e. Circulars issued by CDSL to DPs
CS	Company Secretary
DP	Depository Participant
DRF	Dematerialisation Request Form
DRN	Dematerialisation Request Number
FII	Foreign Institutional Investor
FN	Foreign National
FRF	Freeze Request Form
HUF	Hindu Undivided Family
ID	Identity
IRF	Invocation Request Form
ISIN	International Securities Identification Number
MD	Managing Director
NRI	Non-Resident Indian
OCB	Overseas Corporate Body
Operating Instruction(s)	Operating Instruction of DP Operating Instruction Manual
PAN	Permanent Account Number
POA	Power of Attorney
PRF	Pledge Request Form
PSN	Pledge Sequence Number
RBI	Reserve Bank of India
Regulation	Regulation of SEBI (Depositories and Participants) Regulations, 1996
RRF	Rematerialisation Request Form
RRN	Rematerialisation Request Number
RTA	Registrar & Transfer Agent
SEBI	Securities & Exchange Board of India
Section	Section of Depositories Act, 1996
SGL	Subsidiary General Ledger
TRF	Transmission Request Form
TRPF	Transposition Request Form

URF	Unpledge Request Form
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ACCOUNT OPENING / MODIFICATION

General

Reference	Compliance Requirement	Remarks
Section 5, Regulation 41, Bye law 5.4.1 & 13.1.5 & Operating Instruction 2.4.3	➤ Before opening an account the DP shall ensure that an agreement in the format as specified under CDSL Bye-Laws has been entered with all the prospective BOs, except for the categories of BOs as specified under Bye Law 5.4.1.1.	Exception – One BO agreement for all accounts opened for a CM of an Exchange.
Bye law 13.1.4 & Operating Instruction 2.4.4 Comm. 888 dated May 03, 2007 Comm. 892 dated May 04, 2007	➤ The DP shall ensure that the BO account is opened on the basis of an Account Opening Form, duly complete in all respects submitted by the prospective BO to the DP along with the prescribed documents. ➤ The DP shall ensure that permanent address information regarding second and third account holders, if any, is obtained while opening new accounts.	Separate forms are provided for individuals and for entities other than individuals.
Operating Instruction 2.4.4	➤ However, the DPs can obtain a single form from the CM for opening the multiple accounts of same Exchange e.g. CM Principal, CM USA & CM CISA accounts for BSE.	
Regulation 42 (1), Bye Law 5.3.4 / 5.4.6/ 13.1.2 & Clause 9	➤ A separate account must be opened for each BO and the DP must ensure that the securities of the BO are segregated and not mixed with its own securities.	
Operating Instruction 2.4.1	➤ A Power of Attorney holder cannot open a demat account on behalf of the BO.	
Operating Instruction 2.4.4	➤ Those sections of Application Form which are not relevant to a particular type of BO, should be marked 'Not Applicable' (N.A.).	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.6	➤ The passport size photograph of each applicant should be pasted on the account opening form. The BO should sign across the photograph and on the account opening form.	
Operating Instruction 2.4.13	➤ Photocopies of documents submitted by a BO should be obtained and maintained on regular paper and not on thermal paper.	
Operating Instruction 2.4.12	➤ The DP shall take special care to check the genuineness of the client, if disproportionately large number of accounts (say more than 20) are opened with the same name and / or same address and / or with the same bank account details / PAN card details.	
Operating Instruction 2.4.5	➤ BO accounts to hold securities cannot be opened in the name of proprietary concern / partnership firms. Such accounts should be opened in the individual names of proprietor / partner(s).	
Operating Instruction 2.4.2 & 2.4.8 Operating Instruction 2.4.15	➤ For opening a beneficial owner account. ➤ A BO wishing to open an account should approach a DP. ➤ The staff of the DPs must personally verify the identity and address while opening the BO account and the record of the person who carried out such verification should be maintained. ➤ The DP must verify the copies of the documents with original before accepting the same as valid. ➤ An authorized official of the DP, shall put the 'verified with the original' stamp on the copy after verification with the original documents and sign the same.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.8.1	➤ <u>“IN-PERSON” verification of applicants at the time of opening demat accounts of non body corporates</u> ➤ The authorized official of the DP should personally verify the photograph(s) affixed in the account opening form and proof of identity document(s) with the person concerned, before opening demat accounts of non-body corporates ➤ After due verification, the DP should affix a stamp on the document(s) collected as proof of identity to the effect that the identity of the applicant(s) is verified “in person” and the copy of the valid proof of identity documents have been “verified with original”. ➤ The authorized official of the DP who has done in-person verification and verified the documents with original should sign under the DP stamp. ➤ DPs may stamp or print the "in-person" verification details on any page of the account opening form so that the other details mentioned in the AOF are not made illegible. The staff of the DP who has done "in-person" verification should sign under the DP stamp. ➤ Attachment of a separate sheet or a sticker to the Account Opening Form having done "in-person" verification will not be allowed. ➤ “Web-camera” may be used to carry out “in-person” verification at the time of opening of BO accounts, subject to compliance with other SEBI guidelines/circulars and CDSL’s DP Operating Instructions, relating to opening of non-corporate BO accounts including verification of documents.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3 Operating Instruction 2.4.9 Comm. 666 dated March 8, 2006 Operating Instruction 2.4.10 Operating Instruction 2.3 SEBI circular 20/2008 dated June 30, 2008	<u>Pan Card Details</u> ➤ Obtaining Pan Card details of all the holders is compulsory for all categories of demat account holder(s). PAN would be the sole identification number for all participants transacting in the securities market irrespective of the amount of transaction. ➤ Details of PAN card submitted by an applicant should be verified with the name and other details appearing on the website of Income-Tax Department. ➤ After verifying the details of PAN, the DP staff should affix a stamp as “VERIFIED WITH ORIGINAL” and sign on the photocopy of the PAN card(s). ➤ Photocopies of PAN Cards so obtained should be kept on record along with other documents pertaining to the accounts. ➤ In case the names do not match or the PAN card details are not present in the PAN card database, DP should seek clarifications from the applicant and activate the account only when the discrepancy is resolved. ➤ Certain categories of BOs viz Custodian, Governor, Commodity accounts, President of India, Sikkim Resident, UN entities/ Multilateral Agencies, Deceased Holder are exempted from obtaining PAN card details. Further, Central Government, State Government, and the officials appointed by the courts e.g. Official Liquidator, Court receiver etc. (under the category of Government) are exempted from the mandatory requirement of PAN for transacting in the securities market, subject to the DPs verifying the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an	The DP should ensure that proper documentation supporting exemption is kept on record

Reference	Compliance Requirement	Remarks
	exemption.	
Operating Instruction 2.4.18	➤ In case of BOs having different sub-status for different ISINs, the DP must ensure that a separate BO account is opened for each BO sub-status.	
Operating Instruction 2.4.19	➤ The DP shall scan the signature (s) of the BO(s), authorized signatory(ies) and Power of Attorney holder(s), if any, at the time of account opening or immediately thereafter.	In case of authorized signatories and POA holders, the mode of operations should also be recorded in CDAS.
Operating Instruction 2.4.25	➤ DPs should collect proof of bank details. Any one of the following documents may be collected :- (i) Photocopy of the cancelled cheque having the name of the account holder where the cheque book is issued. (ii) Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old. (iii) Photocopy of the Passbook having name and address of the BO. (iv) Letter from the Bank. ➤ In case of option (ii), (iii) and (iv) above MICR code of the branch should be present/mentioned on the document and it should be self certified by the BO.	
Operating Instruction 2.3	The documents / information to be submitted by various categories of BOs while opening BO account :-	
Operating Instruction 2.3.1	<u>Individuals :</u> <u>A. Proof of Identity:</u> i. Passport ii. Voter ID Card iii. Driving License iv. PAN Card with photograph v. Identity Card/document with applicant's photo, issued by	

Reference	Compliance Requirement	Remarks
	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 g. Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc. to their Members h. Credit cards / Debit cards issued by Banks <u>B. Proof of Address</u> i. Ration Card ii. Passport iii. Voter ID Card iv. Driving License v. Bank passbook vi. Verified copies of – a. Electricity bills (not more than two months old) b. Residence Telephone Bills (not more than two months old) c. Leave and License Agreement / Agreement for sale vii. Self-declaration by High Court & Supreme Court judges, giving the 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 g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to	

Reference	Compliance Requirement	Remarks
	their Members. ➤ The abovementioned documents are the minimum requirements for opening a demat account. The DPs should exercise due diligence while establishing the identity of the persons to ensure the safety and integrity of the depository system.	
Operating Instruction 2.3.2	<u>Correspondence Address:</u> ➤ A BO has the option of indicating address of correspondence in the AOF. ➤ This is applicable to all types of investors. ➤ If correspondence address of the BO is not the same as permanent address, then the DP should obtain proof of permanent address as well as correspondence address and both must be entered in the system. ➤ If BO wishes to receive his correspondence at the address of some other entity – such as POA holder for NRI, for IPO / Margin financing etc., the above mentioned proof of address documents in the name of such other entities may be accepted as proof of correspondence address of the BO, provided the same is mentioned in the account opening form. In all such cases, the DP should ensure that proof of permanent address for the BO has been obtained and the same has been entered in the system.	
Operating Instruction 2.3.3,	<u>Minor</u> ➤ The minor should be the first and sole holder in the account i. e. there should not be any joint account where a minor is a first/second/third holder. ➤ Documents to be obtained are :- • PAN card of the minor. • PAN card of the guardian	

Reference	Compliance Requirement	Remarks
	• Birth Certificate of the minor. • Proof of address and proof of identity documents of the guardian. • One passport size photograph of minor and guardian with their signatures across the photograph. Guardian should sign across photograph of the minor. ➤ According to the Hindu Guardians and Wards Act, natural parents i.e. father and in his absence mother only can be the guardians. In any other event, the guardian has to be appointed by a court. In case of death of Guardian of existing Minor account holder : ➤ In the case of death of the guardian of an existing minor account holder, the following procedure shall be followed: • Original Death Certificate of the deceased Guardian or a copy of the same, duly notarized or attested by a Gazetted Officer. • The minor's account shall be frozen under the appropriate reason code till the new guardian has completed all formalities. • Original or copy of the Court Order (duly notarized or attested by a Gazetted Officer), if the new guardian has been appointed by the Court. • The new guardian shall submit a new account opening form duly complete in all respects. • The new guardian shall submit proof of identity and proof of address as per the applicable operating procedure in force at the given point of time. • One passport size photograph of the	

Reference	Compliance Requirement	Remarks
	minor and one passport size photograph of the new guardian, with the new guardian's signature across both the photographs (pasted on the account opening form). • PAN of the new guardian • A fresh DP-BO agreement shall be executed between the DP and the new guardian. • The new guardian shall submit a fresh Nomination Form for the minor's account. • After verification of the AOF and documentation, details of the Guardian of the Minor account holder shall be suitably modified in the CDSL system. • The signature of the deceased guardian shall be deleted and the signature of the new guardian shall be recorded in the CDSL system. • POA documents/details, if any, recorded with the signature of the deceased guardian shall be deleted. <u>After the minor has attained majority following procedure has to be followed :</u> ➤ The account holder should submit proof of his / her identity and proof of address. ➤ The account holder should submit a new accounting opening form duly complete in all respects along with documents mentioned for individual and enter into a fresh agreement with DP duly signed by the account holder and DP. ➤ The guardian's details should be deleted and guardian's signature should be replaced by account holder's signature. ➤ This procedure is to be followed only when the word 'minor' is not appearing in the field in CDAS for account holder's name. In case the word 'minor' is appearing in the name of the account then the existing account has to be closed and a new	

Reference	Compliance Requirement	Remarks
	account will have to be opened.	
Operating Instruction 2.3.4	<u>HUF</u> ➤ All the documents, as mentioned above for account opening of individual investors, will be required to be submitted for the Karta of HUF. ➤ PAN card and bank passbook of HUF indicating its existence. ➤ PAN card of the Karta. However, PAN details of the HUF entity to be entered in CDSL system. ➤ Declaration by the Karta giving details of the family members of the HUF with their names, date of birth, sex and relationship with the Karta. ➤ The Karta should sign the AOF and the declaration under the stamp of HUF. ➤ HUF accounts cannot be opened with joint holders. ➤ No nomination can be made in HUF account. <u>On the death of the Karta</u> An HUF does not cease to exist on death of the Karta. The new Karta shall submit following documents along with notarised copy of death certificate of the deceased karta: (a) a No-Objection letter from the remaining members of the HUF authorizing him to act as the karta. (b) a fresh declaration. (c) an account modification form requesting the DP for change in the signature of the Karta in the existing account. <u>Partition of HUF</u> Partition of HUF can be either a partial partition or full partition. In the event of partial partition, the existing account can be continued. In the case of full partition the HUF gets dissolved and the existing BO	

Reference	Compliance Requirement	Remarks
	account must be closed. Procedure to be followed in case of POA being given by the HUF ➤ The Power of Attorney (POA) document should be signed by the Karta of the HUF and all the co-parceners.	
Operating Instruction 2.3.6	<u>NRIs</u> ➤ All the documents as mentioned above for individual investors ➤ Proof of foreign address and Indian address (if any) ➤ For NRI accounts without repatriation benefits, address in India and proof thereof is mandatory. ➤ In case of foreign address, the address containing Post Office Box Number (P.O. Box. No.) may be accepted as valid address provided such P.O. Box No. is mentioned in the valid proof of address documents. ➤ The address with P.O. Box No. may be accepted as Permanent and/or Correspondence address. In such cases, additionally the DPs shall obtain the complete residential address of the NRI BO, under declaration at the time of opening of the account. ➤ Such BO shall give an undertaking that whenever there is a change in the residential address, the BO shall inform the DP. ➤ Bank account details. ➤ POA, if any. ➤ A declaration duly signed by the NRI that he/she has complied with, and will continue to comply with, FEMA regulations and other applicable laws. In the case of accounts opened in the name(s) of NRIs or FNs, (if the DP cannot personally	
Operating		

Reference	Compliance Requirement	Remarks
Instruction 2.4.8.2	verify the NRI/FN client), the DP should ensure that: • photocopies of all the KYC documents/proofs and PAN card are attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI or FN resides. • The attesting authority should affix a “verified with originals” stamp on the said documents. The photocopies of the KYC documents and PAN card should also be signed by the NRI/FN. • If the NRI or FN comes in person to open the account, the above attestation requirement may be waived. <u>Change of Status</u> It is the responsibility of NRI account holders to inform to the DP the change in his / her status as NRI to Resident. The DP should open a new account with the status of the BO as Resident. Holdings in the existing account should then be transferred to the new account. The old account should then be closed.	
Operating Instruction 2.3.5	<u>Corporate: (Domestic or Foreign)</u> ➤ Memorandum and Articles of Association & Certificate of Incorporation of the Corporate Investor. ➤ Certified True Copy of the Board Resolution, duly certified by Managing Director / Company Secretary, authorising opening of a Demat Account and specifying name of persons authorized to open and operate the Demat account. It should specify the manner of operation of the account by the authorized persons. ➤ Names of authorized signatories, their designation, photographs and their specimen signatures duly verified by the Managing Director or the Company Secretary.	

Reference	Compliance Requirement	Remarks
	➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return.	
Operating Instruction 2.3.7	<u>CMs</u> <u>(a) If the CM is a Corporate Body</u> ➤ Certified true copy of certificate of registration with SEBI, duly certified by the Managing Director / Company Secretary ➤ Certified true copy of Board Resolution duly certified by the Managing Director / Company Secretary specifying persons authorised by the Board to open and operate the account. The resolution must specify the manner of operation of the account by the authorized persons. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company & Certificate of Incorporation of the Corporate Investor. ➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>(b) If CM is not a Corporate Body:</u> ➤ Account to be opened in the name(s) of individual(s). (Maximum three holders) ➤ Copy of Certificate of Registration with SEBI duly notarized. ➤ One Passport size photograph of each applicant duly signed across the photograph. ➤ All the documents, as mentioned above for account opening of individual investors	
Operating Instruction 2.3.8	<u>FIIs</u> ➤ Certified True Copy of certificate of registration with SEBI, certified by	

Reference	Compliance Requirement	Remarks
	Managing Director / Company Secretary. ➤ Certified true copy of the Board Resolution, duly certified by Managing Director / Company Secretary authorizing persons to open and operate the account and specifying the manner of operation of the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly certified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company, if any.	
Operating Instruction 2.3.9	<u>OCBs</u> ➤ Copy of RBI Registration Certificate. ➤ Certified true copy of the Board Resolution, certified by Managing Director / Company Secretary, authorizing persons to open and operate the account and specifying the manner of operation of the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Managing Director / Company Secretary. ➤ Memorandum and Articles of Association of the Company. ➤ Declaration from the OCB that it meets with guidelines issued by RBI / Ministry of finance ➤ Certificate from overseas auditors in form OAC or OAC – 1, as may be applicable. ➤ Statement of A/C from the bank.	
Operating Instruction 2.3.10	<u>Registered Societies</u> ➤ Copy of Certificate of Registration under the Societies Registration Act, 1860. ➤ List of Managing Committee members. ➤ Certified true copy of Resolution of the Managing Committee for persons authorised to open and operate the account and specifying the manner of	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.10 SEBI circular 09/06 dated July 20, 2006	operation of the account. ➤ Names of the Authorised signatories, designation, photograph (with signatures across the face of the photograph) and their specimen signatures. ➤ Copy of Society's Rules and Bye Laws duly certified by the Chairman / Secretary. ➤ Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>Unregistered Society</u> ➤ The account should be opened in the names of the members under "Individual" category (maximum three persons). ➤ All the documents as applicable for account opening under individual category should be obtained. ➤ The proof of address / identity documents of the individual members should be obtained for account opening. ➤ PAN card of society	
Operating Instruction 2.3.11.1	<u>Public Trust / Charitable Trust and Trust capable of holding property in its name:</u> ➤ Account to be opened in the name of the Trust. ➤ Trust Deed and Rules. ➤ List of Members on the Board of Trustees. ➤ Certificate of Registration of Trust under the Societies Registration Act, 1860 / Bombay Public Trust Act, 1950 / Public Trust Act, of relevant State. ➤ Certified true copy of Board Resolution to open the Demat account and specifying the persons authorised by the Board to act as Authorised Signatory(ies) to operate the demat account. ➤ Names of the Authorised Signatories, Designation, photograph (with their	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.11.2	signatures across the face of the photograph) and their specimen signatures duly verified by the Managing Trustee. ➤ PAN card of the trust ➤ Proof of registered office address evidenced by documents registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of income tax return <u>Private Trust</u> ➤ Account should be opened in the names of individual trustees (maximum three), under “Individual” category. ➤ The board of trustees shall specify the names of the trustees who shall hold / operate the demat account. ➤ The proof of address and proof of identity documents of the trustees should be obtained for account opening. ➤ PAN card of the Trust	
Operating Instruction 2.3.11.3	“Recognised” Funds/ Trusts/ Other Similar Entities: (i) The Funds/ Trusts/ Entities presently included under this category are as follows: (a) Employees Provident Fund, which have been recognized by the Provident Fund Commissioner under Employee’s Provident Funds & Miscellaneous Provisions Act, 1952. (b) Employees Gratuity Fund, which are formed under Payment of Gratuity Act, 1972. (c) Superannuation Fund which are formed under the guidelines issued by Income Tax Department. (d) Venture Capital Funds which are registered by SEBI.	

Reference	Compliance Requirement	Remarks
	(e) ESOP Trust formed pursuant to the guidelines issued by SEBI). (ii) Accounts of the above Funds/ Trusts/ Entities should be opened in the name of above Funds/ Trusts/ Entities as they are recognized either under the Income Tax Act or Securities & Exchange Board of India, etc. (iii) Documents to be furnished by the above Funds/ Trusts/ Entities and other Funds/ Trusts/ Entities which are similarly placed are: 1) Certificate of Registration, if any, issued by the authority recognizing the Fund/ Trust/ Entity as such; 2) Trust Deed and Rules and/or any document or charter defining their constitution and providing for management thereof; 3) List of Members on the Board of Trustees/Governing Body; 4) Certified true copy of the Resolution passed by the Board of Trustees/Governing Body to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account; 5) Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee; 6) One passport-size photograph of each of the authorized signatory(ies) with their signatures across the face of the photograph; 7) PAN cards issued to such Fund/Trust/Entity; 8) Proof of registered office address evidenced by document registered with registering authority or bank statement or agreement for sale or leave-and-license agreement or acknowledged copy of	

Reference	Compliance Requirement	Remarks
	Income Tax Return.	
Operating Instruction 2.3.12	<u>Banks</u> ➤ Certified true copy of Board Resolution. OR ➤ Letter on the letterhead of the bank, signed by the Chairman / Managing Director authorizing the persons to open and operate the account. ➤ Names of the authorised signatories, designation, photograph and their specimen signatures duly verified by the Chairman / Managing Director. ➤ Memorandum and Articles of Association & Certificate of Incorporation or copy of RBI registration in case of Scheduled/Co-operative banks. ➤ Proof of address evidenced by documents registered with registering authority or agreement for sale or leave and license agreement or acknowledged copy of income tax return	
Operating Instruction 2.3.13	<u>Foreign Nationals</u> ➤ Copy of passport or certificate from the bank. ➤ The foreign address containing Post Office Box Number (P.O. Box No.) may be accepted, as valid address provided such P.O. Box No. is mentioned in the valid proof of address documents. ➤ The address with P.O. Box No. may be accepted as Permanent and/or Correspondence address. In such cases, additionally, the DPs should obtain the complete residential address of the Foreign National BO, under declaration at the time of opening of the account. ➤ Such BO shall give an undertaking that whenever there is a change in the residential address, the BO shall inform	

Reference	Compliance Requirement	Remarks
	the DP. ➤ Other documents – same as NRI.	
Operating Instruction 2.3.14	<u>Association of Persons (AOP)</u> ➤ Objects of the association ➤ Powers of the Managing Committee ➤ Resolution authorizing persons to open a Demat account and operate the account. ➤ Names of the authorized signatories, photographs with their specimen signatures, duly authorized by a member of the governing board. ➤ Copy of Bye-Laws of the AOP. ➤ Copy of the PAN card in the name of AOP	
Operating Instruction 2.3.15	<u>Mutual Funds</u> ➤ SEBI Registration Certificate clearly indicating the address of the mutual fund. ➤ PAN card of the Mutual Fund	
Operating Instruction 2.3.16	<u>Escrow Accounts</u> ➤ DPs are advised to consider following points while opening Escrow Accounts: • The escrow account should be opened in the name and form of Issuer name. • Reasoning for opening the escrow account. • Operated by. • Operator name. ➤ Proof of address and proof of identity should be obtained for the entity who is opening the account ➤ Name, designation along with the photographs of authorized signatories who will be opening the as well as who will be operating the account should be obtained. ➤ PAN card of both the parties i. e. Corporate entity and Escrow Agent should be obtained. The PAN details of the Corporate entity should be captured in the CDSL system	

Reference	Compliance Requirement	Remarks
	➤ Copy of the Escrow Agreement duly signed by the parties should be obtained. Validity of escrow account ➤ The escrow account shall be active for the limited period of the activity for which it has been opened. ➤ Such period shall be as specified by SEBI / CDSL or any such regulating authority from time to time. ➤ After the specified period is over the account should be closed by the DP irrespective of whether the closure instruction is received from the account holder or not.	
Operating Instruction 2.3.18	<u>Demat Account for Unclaimed Shares of a Listed Company</u> ➤ If a listed company wishes to open a demat account for dealing with "unclaimed shares", such an account shall be opened as "<Issuer Name> - Unclaimed Securities Suspense Account." ➤ The suspense account shall be held by the Issuer purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when he/she approaches the Issuer. ➤ The Board Resolution and all other documents as prescribed by SEBI and CDSL for opening a Corporate Account shall be obtained. ➤ The Issuer shall furnish a declaration on its letterhead, signed by the authorized signatories, stating that: "We hereby undertake that we will ensure compliance with the provisions of SEBI Circular no.	

Reference	Compliance Requirement	Remarks
	SEBI/CFD/DIL/LA/1 /2009/24/04 dated April 24, 2009 related to the procedure for dealing with unclaimed shares. We further undertake that the said suspense account will only be used for the purpose as specified in the said SEBI circular." ➤ Credits to the demat account: Any corporate benefits in terms of securities accruing on such unclaimed shares, shall be credited to such demat suspense account. ➤ Debits to the demat account: The Issuer shall debit the shares lying in the suspense account and credit the same to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity/bonafides of the allottee.	
Operating Instruction 2.3.19	Limited Liability Partnership Firm (registered under the Limited Liability Partnership Act (2008)) ➤ Such an account shall be opened as <"Company Name" Limited Liability Partnership> or <"Company Name" LLP>. ➤ The DP should obtain following documents : • Registration Certificate granted by the Registrar to the LLP under the LLP Act 2008. • Declaration, on the letterhead of the LLP signed by all the designated partner/s clearly stating that the within named persons, who are designated partners of the LLP, have been nominated as authorized signatories to open and operate the	

Reference	Compliance Requirement	Remarks
	said demat account on behalf of the LLP. • The declaration shall specify the manner in which the account will be operated, that is: jointly or severally and shall give details of the names, addresses and DPIN [Designated Partner Identification Number allotted by the Registrar for each designated partner], along with their signatures and photographs. • The bank details in the name of the LLP, as sole / first holder in the bank account. • PAN Card of the LLP. The details of the PAN card to be entered in the CDSL system. • PAN card of the authorized signatories to be kept on record. • Proof of address evidenced by documents registered with the registering authority or bank statement or agreement for sale or leave and licence agreement or acknowledged copy of Income Tax Returns, in the name of the LLP. • In case of change in registered office address of the LLP, the DP should take on record the notice of change of address filed by the LLP with the Registrar. ➤ Joint holders in the demat account is allowed. ➤ Nomination in such demat accounts shall not be allowed. ➤ Such demat accounts shall be opened under “Corporate” status in the CDSL system with the sub-status “Limited Liability Partnership”.	

Reference	Compliance Requirement	Remarks
Operating Instruction 2.3.1	Bank Statement as Proof of Address: ➤ A computer-generated statement without signature/stamp of the bank (showing the name and address of the BO and bank transactions during a period, printed on the Bank stationery) can be accepted as a valid proof of address only if duly attested by the concerned Bank under the stamp and signature of the bank official. OR ➤ Original bank statement (showing the name of the BO, address of the BO and bank transactions during a period, printed on the bank stationery) self attested by the BO along with cancelled cheque (in original) pertaining to the said bank account, without bank attestation as mentioned above can be accepted as valid proof of address provided that such original bank statement is not more than 2 quarters old. OR ➤ A copy of the Bank Statement along with a copy of cheque can be accepted as valid proof of address provided that: a. The authorized official of the DP verifies the photocopies of the bank statement and cheque submitted, with their corresponding originals and ensure that both pertain to the same bank account and, thereafter, place his signature, name and date on them, with the remark: "VERIFIED WITH ORIGINAL" b. The copy of the bank statement clearly displays the logo and name of the Bank, the BO's name, address, account number and transactions/balance. The date on the	

Reference	Compliance Requirement	Remarks
	bank statement should not be more than two quarters old, based on the date of receipt of the Account Opening Form. ➤ In addition to above requirements, in the case of e-statements the same can be accepted as valid proof of address only if copy of the cheque with name of the BO pre-printed on it is submitted. ➤ The bank details (including account number) mentioned on the bank statement should be identical to the details mentioned on the cheque.	
Comm. 662 dated February 25, 2006.	<u>Refunds through ECS and bank details</u> ➤ DP should compulsorily obtain the bank details from investors when fresh accounts are being opened. In the case of existing accounts, the bank details have to be obtained from the BO and updated in the CDSL system to ensure credit of refunds to the correct bank accounts of the applicants. ➤ BOs should be advised not to change the bank details given in the share application till the record date declared for the corporate action.	
Operating Instruction 2.4.6 & 2.4.24	➤ A demat account can be opened with maximum three joint holders. ➤ All correspondence/queries relating to BO accounts shall be made to the First Holder only at the correspondence address recorded in the system.	For exception please refer – “Account Opening by more than three Holders”
Operating Instruction 2.4.20 Bye Law 13.1.6 & Operating Instruction	➤ The DP should record the unique BO-ID generated by the system on the original AOF. ➤ Once the account is activated, the DP should inform the BO of the BO account number through a system generated	

Reference	Compliance Requirement	Remarks
2.4.23	confirmation letter. ➤ Necessary forms (such as DRF, TRPF, PRF etc) and instructions slips booklet shall be forwarded to BO along with the letter. ➤ The DP should maintain proof of dispatch of such letter alongwith the forms and instruction slips. ➤ The letter along with other documents mentioned above may also be given to the BO if the BO wants to collect the same in person. Proof of such delivery should be maintained by the DP.	
Bye Law 9.1 & 9.2 Comm. 1031 dated January 25, 2008. Bye Law 15	<u>Account opening by CMs</u> ➤ A CM who is a participant in CDSL shall open such accounts as may be specified in the Operating Instructions for the purpose of settlement of trades with the Clearing Corporation. ➤ A CM who is not a participant in CDSL may open such accounts (as may be specified in the Operating Instructions) for the purpose of settlement of trades with the clearing corporation after entering into an agreement with the participant in prescribed format. <u>Account opening for Securities Lending and Borrowing</u> ➤ Any beneficial owner intending to lend or borrow securities, may do so in the manner laid down under SEBI (Securities Lending Scheme), 1997 or any amendments made thereto from time to time. ➤ BSE Clearing Member will be required to open three accounts with any DP of CDSL namely a) Principal Account b) Unified Settlement Account and c) Clearing Member Investor Securities Account (CISA). ➤ NSE Clearing Member will be required to	

Reference	Compliance Requirement	Remarks
	open two accounts with any DP of CDSL namely a) CM Settlement Account (CM Pool Account) and b) Clearing Member Investor Securities Account (CISA).	
Operating Instruction 2.7	<u>Opening of accounts for the "surviving holders" of a BO account (TRANSMISSION) – with the same DP:</u> ➤ In case of "Transmission", the new account should be opened in the same order of names of the surviving holders as given in the old account. For example: If the old account is in the names of A, B & C and "C" expires, the new account, should necessarily be in the names of A and B. ➤ Agreement: If the surviving BO(s) decide to open the new account with the same DP, a new Agreement need not be entered into. The account opening form and "Agreement" signed at the time of opening of the old account may be used for the new account. ➤ Address Proof: If the 1st Holder of the new account is the same as the old account, the address proofs obtained for permanent address and correspondence address, as submitted with the old account, may be used for the new account. However, if the 1st Holder is different, the DP should take care to ensure that existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. Further, the DP shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in force at the time. ➤ SMS Alert: If the 1st holder of the account is the same as the old account, the same registration form and mobile number may be continued for receiving SMS Alerts.	

Reference	Compliance Requirement	Remarks
	However, if the 1st holder of the account is different, the surviving BO(s) will have to provide the mobile number of the 1st holder of the new account for availing the "SMART" facility. ➤ Nomination: a fresh Nomination form, duly signed by the surviving holders will have to be obtained for the new account and duly updated in the CDSL system and Nomination Register. ➤ The DP should ensure that any original documents removed from the old account opening records (and used for KYC purposes in the new account), are replaced with photocopies of the same, for future co-relation / reference.	
Operating Instruction 2.6.4 Operating Instruction 2.6.5 & 2.6.6 Operating Instruction 2.6.7 Operating Instruction 2.6.2 Operating Instruction 2.6.3	➤ CMs of BSE shall execute a DP-CM agreement whereas CMs of exchanges other than BSE shall execute a DP-BO agreement. ➤ CMs of exchanges other than BSE shall give an undertaking on their letterhead authorizing CDSL to debit/credit the CM account based on the instructions received from the exchange. The undertaking should be stamped and signed by the authorized signatories. ➤ DP should collect the original and two copies of the undertaking from the CM. The original should be forwarded to CDSL; one of the copies should be retained by the DP and the remaining copy should be forwarded to CC / CH. ➤ For each CM account opened by a DP, it shall also open a CM CISA. The CISA can be opened based on the same account opening form. ➤ AOF meant for opening account of a Corporate Body should be used for opening accounts of a CM even though the CM may be an individual / a partnership	

Reference	Compliance Requirement	Remarks
	firm. ➤ In the case of Partnership / Proprietorship Firms, the account should be opened in the individual name(s) of the partner(s) / proprietor.	
Operating Instruction 1.4.2	<u>MANTRA</u> (MArgin TRAding) accounts ➤ Corporate Brokers with the prescribed networth who offer margin trading facilities to their clients can open Margin Trading Account in the names of such clients for holding securities purchased through margin trading. ➤ The account will be operated by the corporate broker under POA issued by the clients. ➤ Such accounts should be opened under separate sub-status codes provided for this purpose.	
Operating Instruction 3.4.2	<u>Nomination</u> ➤ The DP should mandatorily obtain a nomination form from the BO (Individual, NRI, FN) duly filled and signed by all the holders. ➤ Only one individual can be appointed as a Nominee by submitting the Nomination Form signed by all joint holders. ➤ Only individuals can appoint a Nominee and be appointed as a Nominee. ➤ Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family and holder of the POA can neither nominate nor be appointed as a nominee. ➤ A minor, who is represented by guardian, can be appointed as a nominee. ➤ An NRI can be appointed as a nominee, subject to Exchange Control Regulations in force and also can appoint a nominee.	

Reference	Compliance Requirement	Remarks
	➤ The DP should maintain a record of the nominees registered in a nomination register. Serial Number as appearing in the Nomination Register should be noted on the Nomination Form together with the date of registering it in the nomination register. ➤ If a BO does not wish to nominate, the option: “I/WE DO NOT WISH TO NOMINATE” in the Nomination Form should be selected. The DP should ensure that the nomination form is duly signed by all the account holders. ➤ Two witnesses are required to sign the Nomination Form. ➤ Nomination details should be captured in CDAS after verification of Nomination Form and entry in the nomination register . ➤ If the details of nomination are not entered in CDAS or the same has not been entered in the Nomination Register, the BO account should be considered as “without nomination”. ➤ The DP should at all times, irrespective of subsequent variations and cancellations, maintain an updated “Register of Nominations” in the prescribed format.	
Operating Instruction 3.4.4	<u>Power of Attorney</u> ➤ A BO may issue a general or a specific purpose POA for operating the demat account. ➤ The POA must be duly stamped. Notarization thereof, is at the discretion of the DP. In case a copy of the POA document is submitted, the same should be certified as a “TRUE COPY” by the BO(s). ➤ A record of POAs received should be maintained in a Register and the DP should allot a unique POA identification number. ➤ Date of validity of POA as mentioned by	The DP shall keep a track of the expiry date of POA, if any. The POA holder's signature(s) should be scanned in CDAS.

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4.5	the BO in Account Modification Form or in the POA should be captured. ➤ The DP shall, mandatorily, register the BO (or first holder of a joint account) who has given power of attorney, with the exception of accounts held by non-individuals, foreign nationals and NRIs for the SMART [SMS Alert] facility. ➤ If such BO does not have a mobile phone, he/she may provide the mobile number of any person as per his/her discretion. ➤ After verification of the documents for setup/modification/cancellation of Power of Attorney, particulars of the same should be recorded in the CDSL system within 7 days of receipt of the documents. ➤ The powers and authorities conferred by the existing POA shall continue until the request for modification / cancellation is recorded by the CDSL system or 7 days of receipt of the same by the DP, whichever is earlier. ➤ The DP shall ensure that the POA is signed by all joint holders, if the POA is granted by all of them. ➤ In the case of a request for change in POA, additional care should be taken by the DP to verify the authenticity of the BO authorizing the change.	
Comm. 505 dated December 16, 2004	<u>Power of Attorney in favour of CMs / entities other than DPs.</u> ➤ The DP should ensure that : a. Details of such POAs are entered on the System. b. The POA holder provides to DP names and signatures of the authorized persons who would sign the consolidated instruction slips. c. Signatures of the authorized persons are captured in the System. d. The authorization by BOs by any mode	

Reference	Compliance Requirement	Remarks
	other than through POA should not be accepted by DPs. e. The DPs should issue a separate instruction slip book to the holders of such power of attorney.	
Comm. 631 dated December 22, 2005	➤ In case of Power of Attorney in favour of a DP or a single entity such as CMs, the DP should ensure that incorporation of clauses in the power of attorney document detrimental to the interest of the beneficial owners are avoided. ➤ In case powers of attorney with detrimental clauses are already obtained, they should be replaced with fresh POAs after deleting such clauses. ➤ DPs shall not act or purport to act in exercise of any powers/authority contained in the aforesaid objectionable clauses pending substitution of the existing Power of Attorney with fresh Power of Attorney as aforesaid.	

Account Opening By Temporarily Disabled / Illiterate BO

Reference	Compliance Requirement	Remarks
Operating Instruction 2.5	➤ The DP has to ensure that the BO, if he is illiterate or temporarily disabled at the time of opening an account, must affix the thumb impression (Left hand thumb in case of male BO and right hand thumb in case of female), on the agreement as well as on the account opening form in the presence of an authorized officer of the DP, who should certify that the thumb impression was affixed in his presence. ➤ In case of disabled persons, the DP must ensure that the BO has produced a medical certificate about his disability ➤ DP should identify the BO by verifying the photograph submitted by the BO. If the	

Reference	Compliance Requirement	Remarks
	BO is illiterate / blind the DP should read out / explain to him the contents of the AOF / DP-BO Agreement in presence of a witness who should sign the AOF / DP-BO Agreement as a witness. The DP official should put his signature and the remarks – “Details explained to the BO” on the corresponding AOF.	

Account Opening by more than three Holders

Reference	Compliance Requirement	Remarks
Operating Instruction 2.4.7	➤ The DP should open a separate account if there are more than three joint holders for the security. ➤ An undertaking has to be obtained by the DP from the account holders that there would not be any credit instruction to this account except for dematerialisation of securities held and corporate action benefits. ➤ The DP should capture the names of the four or more joint holders by numbering them and enter the first holder's name in the first holder's field and accommodate the rest of the names in the fields for second and the third holder. ➤ The purchase confirmation waiver flag should not be enabled. ➤ After the balances in such account become nil, the account should be closed.	It may be noted that accounts opened in the names of trustees who hold shares on behalf of a trust will not have restrictions on receipt of credits.

Account Modification

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4	➤ DP should carry out modifications in the BO accounts only on the basis of Account Modification Form or letter containing all details as specified in the Account Modification Form duly signed by all joint	

Reference	Compliance Requirement	Remarks
	holders of the account. ➤ DP should verify signature of BOs on the Account Modification Form with their specimen signatures captured in CDAS. ➤ DP should exercise sufficient control in its internal working to ensure that no unauthorized persons can have access to the system for adding / modifying / deleting / viewing any data in CDAS. ➤ Implementation of variable Access Rights Scheme is one of the tools for achieving such control. ➤ The DP should maintain proper records of all documents verified with original. ➤ The DP should send letters to BOs confirming modifications done and should maintain the copies of such letters along with proof of dispatch.	
Operating Instruction 3.4 Operating Instruction 3.4.11	<u>Change in name</u> ➤ The DP should not accept modification in the names of any of the holders of an account. If a name change is desired, a new account has to be opened by the BOs with the new names, except in case of CMs, Corporate and FIIs. ➤ If Corporate, FIIs and CMs desire a name change, the DP need not open a new account. The same can be modified by CDSL. DP should forward to CDSL the following documents:- i. Letter from Corporate / FIIs / CMs requesting change of name. ii. Certified copy of Board Resolution where the change of name has been approved. iii. Certified copy of: a) fresh Certificate of Incorporation issued by Registrar of Companies (ROC) OR b) Registration Certificate from SEBI in case of FIIs / CMs	

Reference	Compliance Requirement	Remarks
	iv. List of authorized signatory (ies) along with their specimen signature(s) and photograph(s) duly verified by Managing Director / Company Secretary. v. Copy of letter from Stock Exchange where the CM is a member acknowledging change in name in case of CM. vi. Covering letter of DP forwarding the above documents after verifying the signature(s) of the authorized signatories of corporate / FII / CMs in the format specified by CDSL from time to time. ➤ In the above cases the DP shall retain the original documents and forward only the copies duly countersigned / attested by them to CDSL. ➤ On receipt of information from CDSL of the rejection / updation of change in name, DP shall inform BO accordingly.	In the case of CM settlement related accounts, if SEBI registration number / CMID / Trading ID undergoes a change, new account has to be opened. Name change should not be carried out on the existing account
Operating Instruction 3.4.15	<u>Modification of Bank details</u> ➤ DPs should collect proof of bank details. Any one of the following documents may be collected :- (i) Photocopy of the cancelled cheque having the name of the account holder where the cheque book is issued.	

Reference	Compliance Requirement	Remarks
Comm. 1746 dated October 20, 2009 Comm. 1759 dated October 30, 2009	(ii) Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old. (iii) Photocopy of the Passbook having name and address of the BO. (iv) Letter from the Bank. In case of option (ii), (iii) and (iv) above MICR code of the branch should be present/mentioned on the document and it should be self certified by the BO. Updation of New Bank Account Numbers ➤ DPs are advised to inform their BOs / clients to <u>update the new bank account numbers in their demat accounts</u> at the earliest, failing which, electronic transfers with old account numbers will be rejected at the ECS centre level itself. ➤ DPs should note that if the new bank account number is to be updated due to the Member Bank's migration to the Core Banking Solution [CBS] platform, the requirement of obtaining an Account Modification Form has been waived. ➤ The new bank account number may be updated based on the notice/letter received from the Bank. All other modifications to bank details should be effected as per SEBI guidelines and CDSL's operating instructions.	
Operating Instruction 3.4.1, 3.4.12	<u>Change in address</u> The DP shall obtain the following documents for modification of address i. <u>For Individuals</u> (a) Request letter for change of address / account modification form duly signed by all the holders (b) Any of the documents prescribed to be obtained as proof of address for	

Reference	Compliance Requirement	Remarks
	opening the account. (c) DP should obtain proof of address of the first holder. ii. <u>For Corporates:</u> The account modification form / letter for change of address should be signed by authorized signatories and the following documents should be obtained : a) Certified true copy of Form 18 (change of address within the State) and Form 23, if applicable (change of address from one State to another State) b) Latest transaction statement received from the DP iii. . An authorized official of the DP shall put the 'verified with original' stamp on the copy after verification with the original documents and sign the same. iv. A letter intimating the change of address shall be sent at both old and new addresses.	
Operating Instruction 3.4.13, Comm 398 dated April 16, 2004	<u>Change of signature</u> a. <u>Individuals:</u> i) DPs should obtain the Account Modification Form / letter specifying the reasons for change of signature duly signed by all the holders. ii) The BO should visit the DP personally with a valid proof of identity. iii) The BO should affix his new signature in the presence of a DP official. iv) In case the BO is unable to come in person, the Account Modification Form / the letter must contain the old and new signature and the new signature must be attested by the	

Reference	Compliance Requirement	Remarks
Operating Instruction 3.4.14	BO's banker. b. <u>Corporates:</u> i) The DP should obtain certified true copy of the Board Resolution specifying persons authorized to act as authorized signatories. ii) Fresh list of authorized signatories together with their photographs and specimen signatures duly verified by the Managing Director / Company Secretary. iii) In the case of a Bank, a letter on the letter head of the bank giving list of authorized signatories and their specimen signatures duly verified by the General Manager or higher authority. ➤ The DP should then immediately capture the new signatures in the system. ➤ The DP should send a confirmatory letter to the BO informing him / her that the change in signature has been recorded in the system. ➤ If request for simultaneous change in address as well as signature is received, abundant caution should be exercised in carrying out the request and the matter should be reported to CDSL.	

DEMATERIALISATION

General

Reference	Compliance requirement	Remarks
Bye law 13.2.2.1 & Operating Instruction 4.4.6 Operating Instruction 4.4.8 Operating Instruction 4.4.11	➤ DRF duly complete in all respects, alongwith the certificate of securities to be dematerialized should be submitted by the BO to DP. ➤ If the DRF is complete in all respect, the DP shall give an acknowledgement to the BO indicating the date of receipt on DP's as well as BO's copies. The authorized official of the DP should sign it. ➤ The "System generated acknowledgement " of the demat request should be given to the BO after the authorized official of the DP has signed and stamped the same.	
Operating Instruction 4.4.7	Before accepting the securities for dematerialisation the DP shall ensure that : ➤ The securities submitted for dematerialisation have been admitted in CDSL. ➤ In case the securities are not admitted in CDSL, the DP shall inform the same to BO and return the documents.	
Operating Instruction 4.4.7	➤ The DP shall ensure that all the holders have signed the DRF and their signatures tally with those recorded by the DP.	Signature in RTA signature column may be different.

Reference	Compliance requirement	Remarks
Bye law 13.2.2.3 & Operating Instruction 4.4.12	➤ The DP shall deface the certificates by affixing a rubber stamp “Surrendered for Dematerialisation” along with DP name, DPID and BOID (except for Government securities). ➤ The stamp should be put in such a way that the important details do not get smudged or become illegible.	
Operating instruction 4.4.13	➤ The certificates should be mutilated by punching two holes at the top of the certificate.	
Operating Instruction 4.4.14	➤ The DRF shall be authorized by the DP by putting his seal and signature on DRF.	
Operating Instruction 4.4.4	➤ Separate DRF should be filled up for lock-in securities and free securities. ➤ If certificates with different lock-in reasons / lock-in release dates exist, then a separate DRF should be filled for each lock-in reason / expiry date combination	
Operating Instruction 4.4.15	➤ DP shall capture the dispatch details on CDAS.	
Regulation 54(4) Operating Instruction 4.4.15	➤ DRF along with the security certificates must be forwarded to the Issuer/RTA within 7 days from the date of receiving physical documents from the BO.	
Operating Instruction 4.4.20	➤ If the demat request is not processed by the Issuer / RTA within 21 days after it has been set up on the system, then the DP should follow up with the Issuer / RTA.	

Reference	Compliance Requirement	Remarks
Operating Instruction 4.4.19 & 4.4.21, 4.5 & Bye law 13.2.2.10 Comm. 857 dated March 02, 2007	<u>Rejection of demat request</u> - In case of rejection of Dematerialisation request, the DP should return the certificates along with the rejection letter from Issuer/RTA to the BO within 7 days from receipt of rejected certificates. - If the request has been rejected for a reason which can not be rectified by the BO/DP, the Issuer / RTA will retain the certificates. In such cases, the DP should obtain the rejection letter from the Issuer/ RTA and hand over the same to the BO in order to enable the BO to take up the matter with the Issuer. - If the DP does not get the documents within 30 days from the date of rejection by Issuer/ RTA, then the DP should follow up with the Issuer / RTA. Review of rejection of demat requests ➤ DPs are advised to exercise care while processing Demat Requests with regard to set-up details of the DRN and subsequent dispatch of documents to Issuers/RTAs. ➤ Rejections of demat requests causes hardship and inconvenience to investors. Therefore DPs are advised to put in place proper mechanisms for processing of Demat Requests, so as to avoid rejections	

Reference	Compliance Requirement	Remarks
Bye law 13.3, Comm. 584 dated. October 19, 2005	➤ The DP has to ensure that the request has been made by the registered holder, in the DRF-Government Securities (DRF-GS) along with relevant security certificate(s) and Form of transfer as prescribed by RBI or the Central or State Government. ➤ The DP should forward the DRF-GS and other documents along with the security certificate(s) to CDSL within seven days of its receipt.	

Reference	Compliance Requirement	Remarks
	➤ The Memorandum for Transfer column on the reverse of the certificate should be inscribed with “Tendered for Cancellation and credit to SGL A/c No BYSL 0885 of CDSL, Mumbai”. ➤ The DP should not punch holes on the face of the G-Sec certificate or deface the certificate by affixing the rubber stamp “Surrendered for dematerialisation”.	

Transposition cum Dematerialisation

Reference	Compliance Requirement	Remarks
Operating Instruction 4.6	➤ In case names on the certificates are matching with the names in the BO account but the order of the names on the certificates is not matching with the pattern of holding in the BO account, such certificates can be dematerialized by filling up DRF and Transposition Request Form. ➤ The DP should ensure and verify that : i) the BO has submitted separate application form (TRPF) for transposition, for each ISIN, alongwith the DRF & certificates. ii) All the holders have signed the TRPF which is complete in all respect iii) The TRPF contains only those names (in any order) that are the holders of the BO account. ➤ The DP should maintain a copy of the TRPF along with copy of the DRF.	

Transmission cum Dematerialisation

Reference	Compliance Requirement	Remarks
Operating Instruction 4.7.1	➤ In case of death of one or more joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the certificate(s) and get them dematerialised.	

Reference	Compliance Requirement	Remarks
Operating Instruction no. 4.7.1	➤ The DP shall collect following documents from the surviving holder: • Duly filled DRF. • Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by Gazetted Officer. • Transmission Request Form. (Note: DPs should write “Transmission-cum-Demat” in the column of “from BOLD” in the transmission form.)	

Physical Securities Lost in Transit

Reference	Compliance Requirement	Remarks
Operating Instruction 4.5	➤ In cases where the Issuer / RTA has received information about dematerialization electronically from CDSL but physical certificates have not been received, the procedure to be followed is as under : ➤ The DP should execute an Indemnity Bond in favor of Issuer/RTA as per the prescribed format. ➤ The DP should provide the Issuer/RTA proof of dispatch and also confirm that the certificates are not returned undelivered at their end. ➤ The DP should setup a fresh demat request with the CDSL system in case the Issuer / RTA has already rejected the original demat request. ➤ In case the Securities are lost in transit while being sent by RTA to DP, wherein the dematerialisation request has been rejected for the reasons which can be rectified by the BO/DP, the DP has to give the Indemnity bond with prior consent of the Issuer and a fresh demat request be setup with the CDSL system.	

Reference	Compliance Requirement	Remarks

Procedure for Dematerialization of Shares, which are held in more than three names

Reference	Compliance Requirement	Remarks
Operating Instruction 4.8	➤ In case the number of joint holders are more than three, the DP has to process the dematerialisation request as per usual procedure ensuring that the main BO's name is mentioned as 1st Account Holder and the balance joint holders are accommodated in the two joint holders Name but ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account. ➤ Such an account should be used only for the purpose of dematerialisation and once all the certificates have been dematerialised, such account should be closed and shares transferred to a new account opened in the name of maximum three holders.	

INSTRUCTION PROCESSING

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.1.13	<u>Inventory of DIS Booklets</u> ➤ Register for inventory of DIS booklets should be kept in either electronic or manual form. Register should be updated as and when new stock is received / stock issued for delivery to BOs. ➤ Custody of the books as well as register should be with a senior officer of the DP. ➤ Periodically the physical inventory should be checked and reconciled with the stock as recorded in the register. The same should be properly recorded. A senior official of the DP who is not responsible for issuance and maintenance of the DIS booklets should do the said checks.	
Operating Instruction 6.5.1	<u>Issue of Instruction Slips</u> ➤ The instruction slips shall be in the format as specified by CDSL. ➤ The DP must print instruction slips with pre-printed unique serial number on the top portion and acknowledgement copy of the instruction slip. ➤ The DP shall ensure that BO ID is pre-printed or pre-stamped on the instruction slips as well as requisition slip. ➤ DP's name, address and CDSL's name shall be printed on instruction slip. ➤ Each booklet shall contain a requisition slip for issue of another booklet. The requisition slip should have pre-printed serial number range of the current instruction slip booklet. ➤ The Instruction slips shall be issued in booklets and the DP shall maintain a record of the serial nos. of instruction slips issued to BO. ➤ Instruction slip booklets shall be dispatched / handed over to the BO once the account opening process is	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.5.1	completed. The DP should maintain proof of dispatch / delivery. In case of hand-delivery, the same should be delivered only to the BO and the signature of the BO should be kept on record. ➤ If the DIS booklet is lost/ stolen / not traceable by the BO, the same must be intimated to the DP immediately by BO in writing. On receipt of such intimation, the DP shall cancel the unused DIS of the said booklet. ➤ The DP shall ensure that a new DIS booklet is issued only on the basis of duly signed requisition slip after verification of BO's signature and that the requisition slip forms a part of the booklet issued to the BO; unless the request for fresh booklet is due to loss etc., as referred above. ➤ If the fresh instruction slip booklet is hand delivered to the BO, record of signature of the BO of having received the instruction slip booklet should be maintained. The instruction slip booklet may be hand delivered to any person other than the BO, only on the basis of a requisition slip forming part of the earlier booklet issued and signed by the BO. The requisition slip should contain the signature of the person authorized by the BO to receive the new instruction booklet. ➤ In case the instruction slip booklets issued earlier do not contain the requisition slip or in cases where BOs have lost the requisition slips, a letter to that effect signed by all the holders shall be taken for issuance of fresh instruction booklets. One of the accountholders should personally come with such a letter and with a valid proof of identity. DP should check the proof of identity and keep the same on record.	

Reference	Compliance Requirement	Remarks
	<u>Cautionary note in Delivery Instruction Slip</u> ➤ With a view to safeguarding the interest of the investor, DPs are advised to ensure that the following cautionary note is printed / added to the Delivery Instruction Slip – in the line above the space allotted for the BO's signature(s) “Blank & Signed Delivery Instruction Slips should not be left with your DP/Broker”	
Regulation 42(2), Bye law 5.3.3 / 13.8.1	The DP shall not initiate any debit or credit in the account of BO without appropriate instruction from the BO or a person duly authorized by BO or CDSL.	In case of 'Purchase confirmation waiver' given by BO, separate instruction for credits is not required. In case an account is operated by a person as an authorized signatory and not in his individual capacity, the signature should be under an appropriate stamp.
Operating Instruction 6.5.4.8	➤ If a DIS is received from an account which has been dormant, i.e. not operated for a long period, SIX months or more or any such period specified by CDSL from time to time, the DP should verify the same with the account holders independently before executing the instruction. ➤ The DPs shall not accept pre-signed DIS with blank columns from the BO(s)	
Comm.846 dated February 14, 2007	➤ The DPs shall put in place appropriate checks and balances with regard to verification of signatures of the BOs while	

Reference	Compliance Requirement	Remarks
SEBI Circular SEBI/MRD/Dep /Cir-03/2007 February13, 2007	processing the DIS ➤ The DPs shall cross check with the BOs under exceptional circumstances before acting upon the DIS.	
Comm.846 dated February 14, 2007 SEBI Circular SEBI/MRD/Dep /Cir-03/2007 February13, 2007	➤ If a DIS is received from an account which has been dormant (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 the DP should mandatorily verify the same with the account holders independently before executing the instruction. ➤ 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.	
Operating Instruction 6.5.4.4 Operating Instruction 6.5.4.5	➤ DP must appoint an authorized official to check the DIS received from BO for execution of the instructions. ➤ Verification of delivery instruction slips has to be done by the staff of the DP only. Authorised official must verify the following details from the instruction slips: ➤ Whether the instruction slip received from the BO is from the range of instruction slips issued to the same BO. ➤ Whether all the account holders / authorized signatories / duly constituted POA, if any, has signed the instruction slip.	The employee of the DP processing the instruction slip shall be required to sign the instruction slip indicating that the accuracy of the clients' signature and the unique serial number belonging to the specific BO has

Reference	Compliance Requirement	Remarks
	➤ Whether the signature(s) of the BO(s) on the instruction slip match with the signature(s) of the BO(s) recorded in the CDSL system. ➤ Whether any alteration, correction, cancellation on the DIS is authorized by all the account holders/ authorized signatories / POA holder, if any.	been verified.
Operating Instruction 6.5.3	When a BO gives multiple instructions in an instruction slip and encloses an annexure with that slip, the DP shall ensure that : - ➤ Each page of the Annexure should bear the Instruction Slip serial no. ➤ All the holders/authorized signatories / POA should sign each page of the Annexure. ➤ All the holders/ authorized signatories/POA should authorize any alteration, correction, cancellation made by the BO on the Annexure. ➤ Instruction slip should bear the details of total no. of pages annexed to the instruction slip and also the total number of instructions contained therein.	
Bye law 5.3.16	➤ The DP shall ensure that the instructions received from BO are carried out on the same day, as far as possible and failing that before the close of the working hours of the immediately succeeding working day.	
Operating Instruction 6.5.4.5	➤ The DP shall ensure that a senior official of the DP verifies instruction slip having transactions with value exceeding Rs.5 lakhs.	
Bye law 5.4.7	In the event of multiple instructions being received by the DP from the BO relating to transfer of securities, which exceed the balance in the account of the BO, the DP has to execute the instructions in the following sequence: ➤ in the event of the BO specifying the	

Reference	Compliance Requirement	Remarks
	sequence of execution of instructions, in the same sequence as specified by the BO to the extent it can be executed with the balance available in that BO's account; ➤ in the absence of specific instructions from the BO, in the chronological order in which such instructions are received from the BO, to the extent it can be executed with the balance available in that BO's account.	
Operating Instruction 6.5.2	<u>Issue of Loose Delivery Instruction Slips (Loose DIS)</u> The DP must ensure that - ➤ As far as possible, the DP shall not issue loose DIS. ➤ Loose DIS shall be issued only to the BO(s) in person after the identity and signature of the BO(s) is verified. ➤ The DPs shall not issue more than 10 loose DIS to one accountholder in a financial year (April to March) ➤ The DP shall obtain the signature of the BO(s) in the Register maintained for issue of loose DIS. ➤ BO(s) should fill and sign the DIS in the presence of authorized official of the DP. The DIS may be verified by another official of the DP, as an additional precaution. ➤ Custody of loose DISs should be with a senior official of the DP. Only one loose DIS book may be opened at any time. ➤ Instruction pertaining to loose DIS has to be entered in the CDSL system on the same day. If not entered, then the reason for not entering on the same day should be noted in Loose DIS Register.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.3.3	➤ Where multiple BOs have given POAs to a single entity, including DP or CM, for execution of transactions on their behalf, the following procedure is to be followed by the DP: 1. DP must maintain a separate register containing the details of BOs from whom such POAs have been received. 2. DP shall maintain a separate series of instruction slip nos. for such purposes. 3. BOID shall not be preprinted / pre-stamped on such instruction slips. 4. Each page of the statement/ computer printout attached along with such instruction slip should bear the instruction slip serial no. 5. Instruction slip no. to be checked against the issue details before execution of the instruction. 6. Each page of the statement / computer printout should be signed by the POA holder. 7. A record of statement / computer printouts containing consolidated details of instructions executed by the DP on behalf of the clients who have given POAs should be maintained. 8. For different types of transactions, separate statement / computer printouts should be maintained. 9. The statements / computer printouts should contain all details as specified by CDSL in the format of the instruction slip. 10. Each row in the statements / computer printouts should contain the delivering BOID.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.6.3.2	➤ If the BO wants to waive confirmations for all credits he may inform the DP at the time of account opening or by filling in the Purchase waiver form.	
Operating Instruction 6.5.4.3	➤ The DP shall accept the instructions for pay-in of securities from the BOs, in the physical form (delivery instruction slips) at least upto 4.00 p.m. and in electronic form at least upto 6.00 p.m. on T+1 day. In case of late receipt of instruction, it should be accepted by affixing a stamp "accepted for execution on best effort basis".	
Operating Instruction 6.5.6	<u>Precautions while executing fax instructions :</u> ➤ DPs should obtain a "fax indemnity" from the BOs before accepting instructions through fax. ➤ DPs should ensure that the indemnity has been signed by all holders of the account and is executed on a stamp paper of appropriate value and is submitted to the DP in physical form. ➤ If the BO has multiple accounts in different combination of names or multiple accounts of the same CM meant for different exchanges, a single fax indemnity could be obtained for all such accounts. Eg : For accounts in the name of A, B & C or B, C & A or A, C & B single fax indemnity can be used. For a CM, having both BSE CM accounts and NSE CM accounts, the DP can accept one Indemnity. ➤ DPs must advise the BOs to mention "<u>FAX INSTRUCTION</u>" on the top of the instruction slip. ➤ DPs should ensure that the original instruction slip is received within 3 working days from the date of receipt of the fax instruction. ➤ DPs should inform the BOs that failure	

Reference	Compliance Requirement	Remarks
	to submit the original DIS within the stipulated time would result in suspension of the facility immediately and that the DP would not be responsible for non-execution of fax instructions after such suspension.	
Operating Instruction 6.5.7	<u>Procedure for execution of transactions based on receipt of digitally signed electronic instructions</u> ➤ <u>The DP should have adequate systems and security features to authenticate the client and the person (authorized representative) giving instructions.</u> ➤ <u>The DP should ensure that all the instructions submitted electronically should be authenticated by means of a Digital Signature issued by a Certifying Authority (CA) licensed by Controller of CA.</u> ➤ <u>The DP should be able to prove the origin, destination, date and time of receipt or dispatch of electronic instruction received by it and this information should be available for inspection.</u> ➤ <u>The DP should establish system/process to confirm that instructions received in electronic form are digitally signed by the Client / his representative and are not modified subsequent to digitally signing of instructions.</u> ➤ <u>The DP should ensure that the digitally signed instructions are received only by an authorized individual official ID of the DP.</u>	

Reference	Compliance Requirement	Remarks
	➤ The DP should establish a procedure that ensures the validity of the digital signature certificate of the Users and that the person digitally signing the instructions is authorized to do so. ➤ The DP should retain all 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. ➤ Electronic instructions received by the DP should be authenticated by means of a Signature Verification Utility [SVU]. The SVU should be issued by the CA licensed by the Controller of CA to validate the digitally signed files received from the Client. The SVU should strip the digital signature on successful authentication ➤ The DP should ensure that the new file generated after authentication should be stored separately before uploading/executing in the CDSL System and the original file with the digital signature should be stored as was received. The DP should ensure that the authenticated file is not altered and accurately represents the information originally received or sent by the Client, before uploading / executing the file in the CDSL system. The DP is 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 the stripping of the digital signature ➤ The DPs should ensure that instructions submitted electronically using a digital signature are retained, along with the digital signature, for the	

Reference	Compliance Requirement	Remarks
	period specified by the regulatory authority. ➤ The DPs should be able to produce these electronic records in a readable form to CDSL, SEBI or to any other Statutory Authority, whenever required. The file formats of the digitally signed instructions should adhere to the file formats prescribed by CDSL. ➤ The DP should ensure that a link / tag between the file uploaded in the CDSL system, transaction in the file and trade / transaction ID generated by the CDSL system for each transaction is available at all times. The link / tag should be able to establish the file number and the transaction contained in that file, on the basis of a particular trade ID / transaction ID retrieved from the CDSL system. ➤ The DP back office shall, compulsorily, have a system to differentiate transactions (digitally signed) from those received physically / through easiest. ➤ A daily record of the files received and processed along with the total number of transactions contained in each file and the date should be available for verification. ➤ The DP should carry out proper KYC of the applicant as specified by the agency issuing the digital signature. The KYC documents submitted by the applicant should be verified with the information present in the CDSL system. In case of discrepancy, the CDSL system should be updated, ensuring that the modification is carried out in accordance with the requirements as outlined in CDSL's DP Operating Instructions.	

Reference	Compliance Requirement	Remarks
	➤ The DP should maintain the records of electronic instructions received and executed in accordance with the provision of the PMLA Act, 2002 Regulation 50 of the SEBI (D&P) Regulations.	
Operating Instruction 6.5.6.18	➤ Branches of the DP may fax or send scanned instructions received from the BOs to the Main DP for execution. The Main DP should preserve/store the scanned/faxed documents along with the originals when received, for a period of not less than 10 years or as stipulated by CDSL from time to time.	
Operating Instruction 6.6	<u>Instruction processing by temporarily disabled / illiterate BO</u> In case the instruction is received from persons who are unable to sign due to the person being illiterate/ temporarily disabled, DPs should ensure that: ➤ in case the BO cannot come in person to submit the instruction slip, the thumb impression of the BO on the instruction slip must be attested by a Magistrate or a Notary Public authorized to use the seal of his office or by the manager of the account holder's bank. ➤ in case of temporarily disabled persons, the BO should also produce a medical certificate about BO's disability.	

Reference	Compliance Requirement	Remarks
Operating Instruction 6.5.4.1	<u>Maker Checker for Instruction Slip</u> ➤ DPs who do not have maker-checker facility either in back office software or otherwise, should ensure that manual control mechanism is established in order that instruction slips are thoroughly verified as per the norms laid down in the Operating Instructions. ➤ The internal procedure should be so designed that the instruction slips are checked by two officials separately for their correctness. The signatures on the instruction slips should also be verified by two officials.	
Operating Instruction 6.6.4.4	<u>Early Pay-in:</u> In case balances in the delivering account are insufficient at the time of setting up of the instructions, the transaction shall fail. DP will have to set up a fresh early pay-in instruction after the balance in the account is sufficient.	
Operating Instruction 6.6.3 Comm. 989 dated November 13, 2007	<u>Off market transactions</u> ➤ If the Off-market transaction is for consideration, the amount should be mentioned. If there is no consideration involved, then reason should be furnished under options given therein. ➤ The above-referred details of transactions may be taken on the face of the DIS or on a separate sheet duly signed by the account holders. ➤ All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system.	

TRANSMISSION

General

Reference	Compliance Requirement	Remarks
Operating Instruction 7.5.1	➤ Transmission transaction can be initiated by the DP for transfer of securities only in case of death of all or any of the holders or in any other case with the prior approval of CDSL. ➤ For transmission of securities in case of death of one of the holders, the new account should be opened in the same order of names of the surviving holders as given in the old account	
Operating Instruction 7.5.9, 7.5.10	➤ After receipt of all required documentation, the DP shall ensure that the Transmission request is processed within seven days of receipt of the same. ➤ On transmission of all the securities to the Transmittor BO's account, the account of the deceased BO will be automatically closed by the CDSL system, if the transmittor BO's account is with CDSL.	
Operating Instruction 7.5.7	➤ On receiving intimation of the death of any holder(s) and after receiving the original Death Certificate or a copy of the same (duly notarized or attested by a Gazetted Officer), the DP shall not allow the execution of any instruction other than transmission request in the deceased BO's account. ➤ The DP shall freeze the account for debits with appropriate reason code.	
Operating Instruction , 7.5.5, 7.5.6	➤ If the transfer of securities from the account is to be effected to claimant / Successor, the DP shall take steps to satisfy itself about identity of the Successor(s) mentioned in the Succession documents. ➤ The DP shall ensure that the copies of the documents submitted by the Claimant (Successor) are verified with the original documents.	

Transmission in Case of Death of Sole Holder

Reference	Compliance Requirement	Remarks
Bye Law 13.9.2	Any nomination made at the time of opening the dematerialisation account shall supercede the nominations made prior to opening the account.	Any nomination made subsequent to the opening of a demat account shall supercede all the prior nominations.
Bye Law 13.9.4 & Operating Instruction 7.6.1	➤ If the deceased BO has nominated a person, then the nominee shall be entitled to the transmission of securities standing to the credit of the deceased BO's account. The DP shall collect following documents from the Nominee:- 1. Duly filled TRF, complete in all respects. 2. Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by a Gazetted Officer. 3. Client Master of the demat account of the nominee, in case the nominee has a demat account in individual capacity with another DP of CDSL/other depository. ➤ Nominee shall be the sole holder of the account. The DP shall ensure that the said nominee does not have any joint holders in this account.	
Bye Law 13.9.4 & Operating Instruction 7.6.1	➤ If the deceased BO (sole holder) has not made any nomination, the DP should collect the following documents from the successor(s) claiming title to the securities of the deceased BO (sole holder) : 1. Duly filled TRF, complete in all respects. 2. Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by a Gazetted Officer. 3. Any one of the following: -	

	a) A Succession Certificate b) A letter of Administration c) A Probate of the will of the deceased.	
Operating Instruction 7.6.1	➤ In case there are multiple successors, claimants / successors shall submit one Transmission Request Form to the DP.	
Operating Instruction 7.7.1	➤ The DP shall ensure that the securities are not re-materialised directly from the deceased BO's account.	
Operating Instruction 7.7.2	➤ DP should ensure that BOID, ISINs and quantity of shares mentioned in TRF are correct.	
Reference	Compliance Requirement	Remarks
Operating Instruction 7.7.3	➤ Request for transmission in the case of sole holder should be in accordance with the Succession Certificate / Letter of Administration or Probate of the Will of the deceased BO when nomination is not made by the deceased holder.	
Operating Instruction 7.6.2	➤ DP should send a statement of transaction to the transmittee after transmission.	
Operating Instruction 7.6.1	➤ If the successor(s) of the sole holder express their inability to produce any of the documents viz. Succession Certificate or Letter of Administration or Probate of the Will and the market value of the securities held in each of the accounts of the deceased BO as on the date of application for Transmission does not exceed Rs.1,00,000/- or such other amount as may be specified by CDSL from time to time, the DP shall process the Transmission request on the basis of the following documents: a) Transmission Request Form. b) Original or copy of death certificate of the deceased BO, duly notarized or attested by a Gazetted Officer. c) Letter of Indemnity executed by the applicant on non-judicial stamp paper of	

Reference	Compliance Requirement	Remarks
	appropriate value, duly notarized. d) An Affidavit from the applicant executed on non-judicial stamp paper of appropriate value and notarized. e) 'No objection letter(s)' from all legal heir(s) who are not applicants conveying no objection to the transmission of the relevant securities in favour of the applicant(s).	

Transmission in the Case of Death of One of the Joint Holders

Reference	Compliance Requirement	Remarks
Bye Law 13.9.3 & Operating Instruction 7.6.2	➤ In case of a death of a joint holder, the surviving Joint Holders shall succeed to the securities standing to the credit of an account. The DP shall collect following documents from the surviving Joint Holders:- 1. Duly filled TRF, complete in all respects. The surviving holders shall submit one Transmission Request Form. 2. Original or copy of the death certificate of the deceased holder/s duly notarized or attested by a Gazetted Officer. 3. Client Master Report of the surviving joint holders, in case the joint holder(s) has / have a BO account with some other DP of CDSL / other depository. ➤ The surviving holders can transmit securities to an account opened in their names only.	
Operating Instruction 7.5.2	In case the surviving holders wish to transfer the securities to a demat account with any other DP of CDSL, the DP should ensure about following: ➤ The names of the surviving holders are in the same order of names as in the existing account. ➤ To obtain from the surviving holders the Client Master Report of the new account duly stamped and signed by the new DP for effecting the transmission of securities. ➤ To obtain a declaration from the surviving holders to the old DP stating that all transactions in the account are authentic.	
Operating Instruction 7.5.3	In case the surviving holders wish to transfer the securities to a demat account with the same DP, the DP should ensure about following:	

Reference	Compliance Requirement	Remarks
	➤ The new account may be opened by the DP, based on the documents submitted at the time of opening of the original account. However, if the 1st holder in the new account is different from that in the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. ➤ To obtain a declaration from the surviving holders stating that all transactions in the account are authentic. ➤ The KYC documentation, for opening of new accounts, is as per SEBI and CDSL specifications in force at the time.	
Operating Instruction 7.5.4	In case the surviving holders wish to transfer the securities to a demat account with the other depository, the DP should ensure about following: ➤ To obtain the Client Master Report of the account with the other depository duly stamped and signed by the DP of the other depository. ➤ To verify whether the account is in the same order of names of the surviving holders before effecting the transfer. In addition to above the following documents shall also be obtained along with the Client Master Report:- • Duly filled and signed Account Closure Request form. • Duly filled and signed DIS for Inter-depository Transfer. • A declaration stating that all transactions in the account are authentic. • All Unused DIS. If unused DIS are untraceable/misplaced, a declaration	

Reference	Compliance Requirement	Remarks
	from the surviving holder(s) stating that the same are not traceable. ➤ The DP shall ensure that the serial numbers of the unused / untraceable DIS are blocked.	

Transmission if BO is declared Lunatic/Adjudicated Insolvent/Winding Up

Reference	Compliance Requirement	Remarks
Bye law 13.9.7	➤ In case the BO is declared as lunatic or adjudicated insolvent or otherwise incapable to operate his account, the DP should transmit the securities to any other account as may be ordered, on the production of the certified copy of the Order passed by the Competent Court. ➤ In the event of winding up of the BO by the Court, the DP should transmit the securities to such account as directed in the Court order to that effect. ➤ If the BO undergoes a voluntary winding up (not subject to supervision of the Court) the DP should transmit the securities to such account as provided in the resolution passed for such voluntary winding up.	

STATEMENT OF ACCOUNTS

Reference	Compliance Requirement	Remarks
Regulation 43, & Clause 3 of DP-BO agreement, Operating Instruction 16.3 Operating Instruction 16.4	➤ The DP should send statement of account to BOs, at least once at the end of every month, or any such frequency as specified by SEBI/CDSL, in respect of every account, if there has been even a single transaction during the month and in any event once at the end of each quarter, or any such frequency as specified by SEBI/CDSL, in respect of all accounts. ➤ The DP should ensure that all the contents and fields, as specified by CDSL, should be included in the statement of account sent to the BOs. ➤ The main DP should dispatch the Transaction Statement of BOs directly to the BOs. Branches, including back office connected branches, should not send transaction statements directly to the BO. ➤ DP may provide statement of accounts to the BOs at such shorter period as may be agreed upon between the DP and the BO, on payment of charges as specified by the DP. Where a DP is exempted from entering into an agreement with a BO (Refer Bye Law 5.4.1.1), the DP shall provide statement of account to such BO with such periodicity as may be agreed by and between the DP and the BO.	

Reference	Compliance Requirement	Remarks
Operating Instruction 16.3	➤ The DP need not send a monthly statement of account to the BOs, who have registered for 'easi' services subject to fulfillment of the following : ➤ DP should obtain a written consent from the BO, in the format specified by CDSL stating that the BO agrees not to receive statements in physical form. ➤ DP should mandatorily send statement of account on a quarterly basis to the BOs. ➤ If at any time, a BO wishes to receive account statement in the physical form, DP should provide the same to the BO at such intervals as may be required by the BO.	
Operating Instruction 16.4	➤ It is mandatory for main DPs to print and dispatch statements of accounts of their BOs as well as BOs of their other branches. ➤ The main DP must maintain record of dispatch of statements to BOs.	
Operating Instruction 16.5	➤ DPs are required to furnish a statement of holdings to their banking clients, as on every Friday, detailing the securities held by them on each day of the week. ➤ The same is required as RBI vide its circular dated 16th January 2003 has clarified that government securities maintained by the banks with the depositories will be included for Statutory Liquidity Ratio (SLR) purposes and that SLR is to be maintained on a daily basis.	
Regulation 49(1)(c)	➤ DPs shall maintain the records of statements of account provided to BOs.	
Operating Instruction 16.6	➤ SEBI has permitted the DPs to replace the hard copy statements by electronic statements, vide its circular no. MRD/DoP/Dep/Cir-27/2004 dated August	

Reference	Compliance Requirement	Remarks
	16, 2004. ➤ As per the circular 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 form, the DPs shall be duty bound to provide the same.	
Operating Instruction 16.7	Exemption From Sending Quarterly Transactions Statements To BOs In Respect of Demat Accounts With No Transactions And No Security Balances ➤ DPs may not send quarterly statements to BOs in respect of demat Accounts with no transactions and no security balances, subject to the following: i) The BO is informed, in advance, that he/she will not be receiving transaction statements for such accounts till there are any transactions or security holdings in the demat account. ii) KYC and PAN requirement, in respect of all such depository accounts, are complied. iii) No annual maintenance charges are levied for such an account. iv) Information which is required to be	

Reference	Compliance Requirement	Remarks
	disseminated by DPs by way of a note in the transaction statements will be required to be communicated to such BOs separately. v) The internal auditor of the DP shall comment in its Internal Audit Report on compliance of the aforesaid requirements.	

PLEDGE /UNPLEDGE/ INVOCATION

Pledging

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.1	➤ The pledgor and pledgee must have active accounts in CDSL.	
Operating Instruction 8.5.2	➤ DP has to ensure that the PRF, in duplicate duly complete in all respects has been submitted by the pledgor.	
Operating Instruction 8.5.2 Comm. 1142 dated June 05, 2008	➤ On set up of pledge request, the pledgor DP should record the PSN generated by the system on the PRF which shall be verified by DP checker and a properly executed PRF is taken on record. ➤ In cases where pledge requests have been setup, DP should ensure that either securities are “pledged” within 15 days from the set up date and if not “pledged” within stipulated time the request is withdrawn immediately thereafter. ➤ After transaction is verified by the pledgor DP, CDAS shall generate a letter giving details of pledge set up. An authorized official of the pledgor DP shall sign and stamp the letter and dispatch it to the pledgor along with the copy of the PRF. Similar letter will be issued by the pledgee DP to the pledgee, when the pledge is accepted.	

Unpledging

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.3 & 8.5.4	➤ URF, in duplicate, duly complete in all respects shall be submitted by the pledgor to his DP, in case of unpledge initiated by pledgor. ➤ In case unpledge is initiated by the pledgee the URF shall be submitted by the pledgee to his DP.	

Invocation (Confiscation)

Reference	Compliance Requirement	Remarks
Operating Instruction 8.5.5	➤ IRF, duly complete in all respects shall be submitted by the pledgee to his DP.	
Operating Instruction 8.5.5	➤ After the transaction is verified, CDSL system generates a letter giving details of the confiscation. Pledgee DP shall print this letter. An authorised official shall sign and stamp this letter and send the same to the pledgee.	

Communiqué Issued / amendments made post-issue of Manual

[illegible]

REMATERIALISATION

General

Reference	Compliance Requirement	Remarks
Bye Law 13.5.3, Operating Instruction 9.5.1.1 Operating Instruction 9.5.4	➤ The DP shall ensure that RRF in duplicate, duly complete in all respects has been submitted by the BO ➤ In case of more than one holder, the DP should ensure that all joint holders have signed the RRF. ➤ DPs are advised to exercise caution when sending requests for rematerialisation of securities to Issuers/RTA with regard to selection of “Lot Opted” i. e. MARKET or JUMBO in the CDSL System.	
Operating Instruction 9.5.2.	➤ The RRF details shall be captured through the front end on the same day or the next working day from the date of receipt of the same and the RRN shall be generated.	
Bye Law 13.5.7 Operating Instruction 9.5.5	➤ The DP should note down the RRN on the RRF and authorize RRF with his seal and signature and the same is to be sent to the Issuer/ RTA along with other documents within 7 days of receipt of RRF. ➤ The DP should retain a copy of the RRF for his records.	
Operating Instruction 9.5.3	➤ Modifications of RRN or deletion of RRN, which has already been set up by DP, but not yet accessed by RTA / Issuer, may not require the authorization of the BO, if the change of RRN is as per the RRF submitted by the BO or the deletion of RRN is to rectify the mistake committed by the DP.	
Bye Law 13.5.7 Operating Instruction 9.5.6	➤ The DP must ensure that the remat request is honored within a period of 30 days from the date of physical receipt of the RRF by the Issuer / RTAs.	
Operating Instruction 9.5.8	➤ In case of rejection of RRF by the RTA/ Issuer, the DP shall carry out the necessary rectification in consultation with the BO and set up a fresh remat request.	

Operating Instruction 9.5.9	➤ <u>Repurchase</u> In case the BO intends to repurchase the units that are available in demat form in his account, then a Repurchase Request Form has to be submitted along with the RRF. The DP should ensure that the bank details are entered in the CDSL system. If bank details are not entered, then the repurchase request may get rejected.	
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Rematerialisation of Government Securities

Reference	Compliance Requirement	Remarks
Bye law 13.6	➤ The DP has to ensure that the request has been made by the registered holder, in the RRF-Government Securities (RRF-GS). ➤ The DP should forward the RRF-GS to CDSL within seven days of its receipt.	

FREEZE / UNFREEZE

Reference	Compliance Requirement	Remarks
Operating Instructions 13.5.1	➤ <u>Freeze initiated by BO</u> ➤ The DP should verify that the Freeze Request Form submitted by the BO is complete in all respect and signature of BO is tallied before setting up of the freeze request. ➤ The DP should send acknowledgement letter duly signed and stamped by the authorized official of the DP, to the BO.	
Operating Instructions 13.5.2	➤ <u>Freeze initiated by DP</u> ➤ DP can initiate the freeze for following reasons: ➤ Order from statutory / regulatory authority. ➤ To create lien on balances in BO account after getting approval from CDSL. ➤ The DP should ensure that system generated acknowledgement is sent to the BO. ➤ Orders from statutory / regulatory authority / authorization from CDSL, the acknowledgement copy sent to the BO and record of dispatch of such acknowledgement copy should be maintained by the DP.	
Operating Instructions 13.5.4.1	➤ <u>Unfreeze initiated by BO:</u> ➤ An authorized official of the DP should verify that the Unfreeze Request Form received from the BO is filled completely and signature(s) of the holders are matching before the same is entered in the system. ➤ System generated acknowledgement for unfreeze, duly signed and stamped by the authorized official of the DP should be sent to the BO.	

Reference	Compliance Requirement	Remarks
Operating Instructions 13.5.4.2	➤ <u>Unfreeze initiated by DP</u> The DP can initiate unfreeze either to clear the lien created on the balances of the BO or to adhere to the orders from statutory authority / regulatory authority. ➤ The acknowledgement letter for unfreeze should be duly signed and stamped by the authorised official of DP and sent to the BO.	
Operating Instructions 13.5.4.2	➤ All documents / letters received from CDSL/ statutory / regulatory authority, acknowledgement copy of freeze / unfreeze letters sent to BO should be carefully maintained by DP.	
Comm. 817 dated January 3, 2007	<u>Unfreeze option for entering PAN and reactivation of accounts</u> ➤ Where PAN details are submitted for frozen accounts. On obtaining the PAN details from the BO, the DP should complete the stipulated verification process. Once the Pan details are verified, the same should be entered in the CDSL system and then account can be unfrozen ➤ Where the PAN details are submitted for a frozen account that has multiple freezes installed DPs should take care to remove all the relevant freezes (for non-availability of PAN details) existing on the CDSL system. ➤ Before performing any unfreeze, DPs should ensure that the verification and updation of PAN details, has been done for all the holders (including joint holders, if any)	

ACCOUNT CLOSURE

Reference	Compliance Requirement	Remarks
Bye law 6.9.1 & Comm. 278 dated June 11, 2003	➤ Before initiating the procedure for closing an account, the DP shall ensure that no instructions remain pending or unexecuted. ➤ The BO account may be closed either by rematerialising the securities and / or by transferring them to other account(s).	The DP shall ensure that the reason for the closure of account is entered in the system.
Bye Law 6.9.3 & 13.7.3 & 13.7.4	The DP shall ensure that the BO account is not closed: ➤ If any securities are pledged or frozen; ➤ If the closure would result in any statutory violation or breach or violation of any decree or order or injunction of any court, tribunal or revenue authority; ➤ If the account is unreconciled; ➤ If the suspended balances are not adjusted and settled.	
Operating Instruction 10.5.3	<u>Closure initiated by BO</u> ➤ DP should verify and ensure that:- (a)The ACF (or the letter containing the particulars specified in ACF) duly signed by all the holders is complete in all respects. (b)Signatures of all holders conform to the specimen signatures scanned in the CDSL system. (c)Details given in the ACF agree with the details captured in the CDSL system. ➤ Differences, if any, as given in the ACF and the system should be brought to the notice of the BO and the ACF should be returned to him. ➤ The DP should obtain duly filled in RRF and / or instruction slip for transfer of securities to other account(s) along with ACF, if necessary. ➤ Space should be provided in ACF to	

Reference	Compliance Requirement	Remarks
Bye law 6.9.2 Operating Instruction 10.7.3	indicate whether the balances (if any), in the BO account should be rematerialized and/or transferred to another BO account. ➤ After all free balances in the account are transferred as desired by the BO, transaction statement for the period from starting date of the quarter till the date on which the account has been closed/ marked for closure should be provided to the BO. The words “Account Closed”/“To be closed” should be prominently written in the transaction statement. The proof of dispatch of such transaction statement to the BO should be kept on record by the DP. ➤ Additionally, the final statement of account showing the last transaction(s) and the “zero” balance when all securities are transferred / rematerialized from the account should also be sent to the BO. The proof of dispatch of final transaction statement to the BO should be kept on record by the DP. ➤ Instructions for closure of accounts given by holders of Power of Attorney should not be accepted. ➤ The DP shall initiate the procedure for transfer of balances/rematerialisation of securities in the BO account within a period of 2 days from the date of receipt closure request from the BO.	
Operating Instruction 10.5.4	<u>Closure initiated by DP</u> ➤ A DP can initiate the closure of a BO account for reasons such as: 1. Non payment of dues. 2. Violation of agreement with the DP. 3. Transfer to another DP / Main DP due to closure of branch / main DP. ➤ A notice of minimum 30 days shall be given to the BOs intimating the BO of DP's intention to close the account, specifying the reasons for the same.	

Reference	Compliance Requirement	Remarks
	➤ A copy of this notice and proof of dispatch should be maintained by the DP. ➤ If no response is received within 30 days from BO, the DP shall initiate closure of the account. ➤ The requirements of sending transaction statement to the BO as specified under Closure initiated by BO shall be applicable.	
Operating Instruction 10.5.4	<u>Automatic closure of accounts under 'Pending for Activation' category by CDSL:</u> ➤ The CDSL system will automatically close accounts pending for activation for more than 30 days after set up (or as decided by CDSL from time to time), under the reason code – ID Not Activated Within Stipulated Time.	
Bye Law 5.5.4.7	<u>BO Account Closure in case of Withdrawal of DP / Termination of agreement:</u> ➤ The BO shall have the option of getting his securities transferred to another participant or get them rematerialised. ➤ Notwithstanding that the DP-BO agreement has been terminated or the DP has made an application for withdrawal, the DP shall act as a participant for the limited purpose of getting the securities held by him transferred to another participant or getting them rematerialised.	
Operating Instruction 10.5.3	➤ In cases where the BOs wish to withdraw the demat requests pending disposal by Issuers / RTAs for a long time, in order to enable them to close their demat account(s), the DP should advise the BOs to submit the following documents:- • A letter from BO in prescribed format, requesting for rejection of the pending dematerialisation request. • A letter giving the DRN details which is	

Reference	Compliance Requirement	Remarks
	duly signed and stamped by the DP. ➤ On receipt of the request from BO, the DP shall follow up with Issuer/ RTA for rejection of long pending demat request and on rejection of the same, proceed with the Account closure as per request received from the BO.	
Operating Instruction 10.6.1, 10.6.2	<u>Closure of an account due to shifting of an account:</u> 1. <u>From one CDSL-DP to another CDSL-DP or to a DP of the other depository.</u> ➤ BO intending to shift an existing account to another DP, should open a new account with another DP in the same order of names as in the existing account. ➤ For shifting of account, the BO should submit to the DP the following documents: 1. Duly filled and signed Account Closure Request Form with a remark in the 'Reason for closure' column as 'Shifting of account'. 2. Duly filled and signed debit instruction slip for balances to be transferred. In case the account is to be shifted to a DP of other depository, the debit instruction slip should be for Inter Depository Transfer. 3. A declaration stating that all transactions in the account are authentic. 4. All Unused Debit Instruction Slips and 5. Client Master Report, duly stamped and signed by the official of the new DP. The DP should verify whether the names in the new account and existing account are same and are in the same order.	
Operating Instruction 10.6.3	SHIFTING OF ACCOUNT from one CDSL-DP to another CDSL-DP / within the same DP / Inter-depository, where there is a difference in the name of the source and	

Reference	Compliance Requirement	Remarks
	target accounts of the same individual: The DPs are advised to ensure that the veracity of the claim of BO is thoroughly substantiated before the transfer of securities is effected.	
Operating Instruction 10.6.3.1	Change in name of a BO consequent upon marriage: ➤ The BO should obtain, Client Master Report of the account in the married name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP) In addition to above, following documents should be submitted by BO: 1. Duly filled and signed Account Closure request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2. Duly filled and signed DIS for balances to be transferred. 3. A declaration stating that all transactions in the account are authentic. 4. All unused DIS. 5. PAN Card in the married name 6. Marriage Certificate of the BO.	
Operating Instruction 10.6.3.2	Reverting to maiden name (consequent upon divorce): ➤ The BO should obtain, Client Master Report of the account held in maiden name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP). In addition to above, following documents should be submitted by BO: 1 Duly filled and signed Account Closure	

Reference	Compliance Requirement	Remarks
	request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2 Duly filled and signed DIS for balances to be transferred. 3 A declaration stating that all transactions in the account are authentic. 4 All unused DIS. 5 PAN Card in the maiden name 6 Divorce Certificate or Order of the Court confirming the dissolution of the marriage.	
Operating Instruction 10.6.3.3	Change in name of a BO by notification in Official Gazette: ➤ The BO should obtain, Client Master Report of the account in the new name, duly stamped and signed by an official of the new DP (not applicable if shifting of account is within the same DP). In addition to above, following documents should be submitted by BO: 1. Duly filled and signed Account Closure request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT". 2. Duly filled and signed DIS for balances to be transferred. 3. A declaration stating that all transactions in the account are authentic. 4. All unused DIS. 5. PAN Card in the new name of the BO 6. Original Gazette Notification or copy of Gazette Notification duly notarized or attested by Gazetted Officer.	

INTERNAL CONTROLS / REPORTING TO CDSL

Internal Controls

Reference	Compliance Requirement	Remarks
Clause 14	➤ The DP should install and maintain suitable systems, audit and control measures including setting up of separate internal controls and an audit department inter alia for regularly reviewing his/its internal operations to ensure due compliance and maintaining the integrity and confidentiality of data transmitted to CDSL as may be laid down under the Bye Laws and Operating Instructions.	
Bye Law 5.2.1.7 Comm. 517 dated January 27, 2005 Regulation 58B Comm. 127 dated February 28, 2002 Comm. 517 dated January 27, 2005	<u>Appointment of Compliance Officer</u> ➤ The DP has to appoint a Compliance Officer at the DP office and at all live connected branches to interact with CDSL on its behalf for compliance with Bye Laws and for resolution and redressal of BOs' grievances. ➤ The Compliance Officer shall immediately and independently report to the SEBI any non-compliance observed by him. ➤ The details of the Compliance Officer and any change thereof shall be informed by DP to CDSL, in the prescribed format. ➤ The Compliance Officer appointed by the DPs for the main DP office and at their live connected branches should be a. an employee of the DP and b. either: 1. a director of the DP., or 2. a graduate with two year experience in securities market, or 3. a holder of Secondary School Leaving Certificate with five year experience in the securities market.,	

Reference	Compliance Requirement	Remarks
Operating Instruction 17.7	Requirement of Trained Personnel at Main DP / Live Connected Branches / Service Centres 1. At Main DPs and their live connected branches (that is, DP-branches having direct connectivity with CDSL): a) two persons who have attended the five-day training programme conducted by CDSL and certified; or b) one person who has attended the five-day training programme conducted by CDSL and certified and one person who has obtained the BCCD certification from BSE 2. At service centres of DPs, one person who is either CDSL-trained and certified or BCCD-certified. ➤ DPs should ensure that trained staff possess valid certification as the BCCD certification has a validity period of three years.	
Comm.447 dated August 11, 2004	➤ DP should register more than one authorized signatory with CDSL for signing important correspondence like contingency set-up, main DP / branch DP right reversals etc.	

Reference	Compliance Requirement	Remarks
Bye Law 16.3 Comm. 874 dated April 11, 2007	<u>Internal Audit</u> ➤ The DP should ensure that an internal audit is conducted for the period ending 31st March and 30th September in respect of its operations relating to CDSL by an independent qualified Chartered Accountant or a Company Secretary in practice. ➤ A copy of the Internal Audit report should be furnished to CDSL by 15th May for half year ended 31st March and 15th November for half year ended 30th September. ➤ The scope of an internal audit shall cover the existence, scope and efficiency of the internal control system, compliance with the provisions of the Act, the Regulations, the Bye Laws, Operating Instructions, agreements and systems security and insurance in the office of the participant in respect of the operations of CDSL.	
Comm. 874 dated April 11, 2007	➤ Training of internal and concurrent auditors The DP should ensure that at least one person conducting the internal and/or concurrent audit (risk prone areas) of the Depository Participants should be BCCD certified or should have participated in a training programme conducted by CDSL. The internal audit report and consolidated concurrent audit report should contain declaration to that effect.	The format of the internal audit report should be in accordance with the communiqué issued by CDSL from time to time in this regard.
Comm. 721 dated July 11, 2006	<u>Concurrent Audit of risk prone areas</u> (i) The DPs are required to conduct the concurrent audit of risk prone areas (as specified by CDSL from time to time) of their CDSL operations (ii) The concurrent audit should be conducted by an independent firm of qualified Chartered Accountants or Company	

Reference	Compliance Requirement	Remarks
Comm. 1076 dated March 25, 2008	Secretaries holding a Certificate of Practice. (iii) The concurrent auditors should verify the specified areas on 100% basis and submit the report to the DPs on monthly basis by the 10th of the following month. (iv) If any serious non-compliance is reported by the concurrent auditor, the DP should immediately inform CDSL. (v) The DPs should also inform their concurrent auditors that if any serious non-compliance is observed by them during the concurrent audit, the concurrent auditors should report the same to CDSL directly in addition to reporting the same to the concerned DP. ➤ Further, the concurrent auditor should give a declaration in his report that he has taken into consideration contents of communiqués with respect to concurrent audit of risk prone areas. <u>Consolidated concurrent audit report</u> ➤ The DP shall submit only one report covering the 'Concurrent Audit of Risk Prone Areas' and 'Internal Audit Report'. (a) If the Internal and Concurrent Auditor is the same for a DP, the internal auditor would specifically confirm 100% checking of areas to be covered under concurrent audit of risk prone areas. The same should be reflected under the sampling plan of the internal audit report. (b) If the Internal and Concurrent Auditor is different for a DP, the consolidated concurrent audit report for the six months should be attached along with the internal audit report.	

Reference	Compliance Requirement	Remarks
Bye Law 5.3.5.2	➤ In case the DP is a Stock Broker, such DP shall ensure that the aggregate market value of portfolio of securities (AVPS) of all the BOs held in dematerialised form in CDSL through him shall be within the limits as specified by SEBI from time to time and if it so exceeds on any given day, the DP shall forthwith inform CDSL about it.	In case the AVPS crosses 90 times, the DP will be restrained from opening new accounts till the time it brings the exposure limit below 75 times or increase its net-worth by 25%. As soon as the AVPS of any DP crosses 75 times of its net-worth, the DP shall be required to take necessary precautions and increase its net-worth.

Reporting To CDSL / SEBI

Reference	Compliance Requirement	Remarks
Regulation 48 & Bye Law 16.2.6	➤ The DP shall submit periodic returns to CDSL / SEBI in respect of its business and operations in CDSL in the format specified.	
Operating Instruction 17.6 Comm. 1720 dated September 18, 2009	BO Grievance Report ➤ The DPs shall submit a BO Grievance Report in specified format to CDSL on monthly basis before 10th of the following month. ➤ In case the DP does not have any grievance to report, a “nil” report has to be submitted. ➤ DPs should take care that grievances received by them through all modes are reported to CDSL. A consolidated report is to be submitted by the Main DP for all its branches, if any. ➤ DPs should note that the BO grievance report can be submitted to CDSL either electronically (via e-mail) or in hard copy form. ➤ DPs should note that only those reports which are generated through the system provided by CDSL and received through the email ID of the Compliance Officer registered with CDSL, will be taken on record. ➤ The report should be e-mailed to CDSL at <u>reports@cdslindia.com</u>	
Bye Law 16.2.10	➤ Every DP shall furnish to CDSL such information relating to various obligations to be performed by him from time to time in such format as may be prescribed by CDSL to enable CDSL to review and monitor his performance and to ascertain the level of compliance with the provisions of	Please refer “INFORMATION / DOCUMENTS TO BE SUBMITTED TO CDSL”

Reference	Compliance Requirement	Remarks
	the Act, Regulations, Bye Laws and Operating Instructions issued by CDSL from time to time.	
Bye Law 5.3.18	➤ The DP should, upon discovering any loss of any securities, instruments, or documents, that may have come into its hands in the course of its business, notify CDSL, the concerned Issuer or its RTA and BO in that behalf.	
Bye Law 16.2.1	➤ The DP should furnish to CDSL every year, but not later than six months after the end of its financial year, a copy of : (i) the audited financial statements (ii) the auditors' report	
Bye Law 5.2.1.4.1	➤ Where the DP is a Non-Banking Finance Company or a RTA, it should maintain the net worth specified in Regulation 19(a)(ix) and 19(a)(x) of the Regulations respectively.	
Bye Law 5.2.1.4.2 Bye Law 5.3.5.1.1, Bye Law 5.3.5.1.2,	➤ Where the DP is a Stock Broker, it should maintain a networth of rupees 2 (two) crores. An existing Participant who is a Stock Broker should ensure that as of 31 st March, 2010 it has a net worth of rupees 2 (two) crores. ➤ Where the participant is a Stock Broker or a Non-Banking Finance Company or a RTA, statement of net worth computed in the manner specified in the Operating Instructions issued by CDSL from time to time and duly certified by Statutory Auditors based on the annual audited accounts of the participant for the year ended 31 st March, should be submitted on or before 30 th September every year. ➤ Where the participant belongs to the category which is other than those mentioned above, the statement of	

Reference	Compliance Requirement	Remarks
	networth computed in the manner prescribed by the concerned regulatory authority of that entity and duly certified by the statutory auditors based on the audited annual accounts of the participant for the year ended 31st March, should be submitted on or before 30th September of every year.	
Clause 16	The DP shall notify CDSL forthwith. ➤ In case the DP is an individual, in the event of his incapacity to act as such. ➤ In case the DP is a partnership firm, in the event of dissolution of the firm or a notice being served or a suit being filed. ➤ In case the DP is a company or a body corporate, upon a petition for winding up being presented in any court or a resolution being passed for winding up of the DP. ➤ Any scheme being framed for merger, amalgamation or reconstruction of the DP. ➤ On its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property. ➤ Upon its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the DP or its property for recovery of any taxes, duties, levies, penalties, cesses or dues. ➤ Upon any application being presented to any court for attachment of the assets or properties of the DP. ➤ In the case of any change in his/its financial conditions which may lead to his/its insolvency or dissolution or winding-up or if it suffers a composition with his/its creditors. ➤ Upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator	

Reference	Compliance Requirement	Remarks
	in respect of any of its properties or any other change in circumstances which could materially affect its capacity to act as a DP. ➤ In case the DP is also a CM, upon his/its being declared a defaulter or being suspended or his/its membership being terminated by the concerned stock exchange or clearing corporation or by SEBI. ➤ In the event of the DP being an intermediary (in any capacity other than as a participant) as contemplated by the Securities and Exchange Board of India Act, 1992, upon suspension or termination or de-registration of the Participant as such intermediary by SEBI or any other regulatory body or authority empowered to do so. ➤ In the event of the DP ceasing to meet any of the eligibility and/or admission criteria laid down by SEBI and/or CDSL. ➤ Upon the DP becoming aware of any event or occurrence which is reasonably likely to materially affect his/its commercial viability or existence or his/its ability to perform his/its obligations under this Agreement or which constitutes a material adverse change in the eligibility criteria laid down by CDSL or by SEBI or any other regulatory authority under any law in force for the time being.	

Change in DP name and registered office address

Reference	Compliance Requirement	Remarks
Operating Instruction 15.4	Change in name of DP Following documents are required to be submitted to CDSL ➤ Bank-DP 1. Request Letter for the change in name of the applicant –DP 2. Certified true copy of the Board Resolution / Special Resolution 3. Form No. 23 showing filing of the Special Resolution with the Registrar of Companies (ROC) along with the ROC receipt showing the payment of fees. 4. Certified true copy of fresh certificate of incorporation issued by the Registrar of Companies (ROC) for the change in the name. 5. Amended copy of the Memorandum and Articles of Association, if any. 6. Original SEBI Registration Certificate as a DP of CDSL. 7. Declaration that the change in name has been effected in all the registration certificates issued by SEBI. 8. Any other document(s), as and when required by SEBI. ➤ CM DP: ➤ In addition to the abovementioned documents a copy of the communication received from Stock Exchange confirming change of name in broking registration certificate should be submitted. ➤ Stock Exchange-DP: 1. Certified true copy of the Gazette of India, publishing the (Corporation and Demutualization) Scheme in the new name	

Reference	Compliance Requirement	Remarks
	2. Certified true copy of Fresh Certificate of Incorporation issued by the Registrar of Companies (ROC) in the new name. 3. Original SEBI Registration Certificate as a DP of CDSL. 4. Any other document(s) as and when required by SEBI. ➤ Non-Banking Finance Companies (NBFC): 1. All formalities as those required for the Corporate DP and requisite permission from RBI. 2. In case the Company has rectified its name under section 22 of the Companies Act, 1956, DP should submit certified copy of an ordinary resolution along with the approval of the Central Government.	
Operating Instruction 15.5	Change in registered office address of the DP Following documents are required to be submitted to CDSL A. In case the registered office is proposed to be changed within the local limits: 1. Certified true copy of the Board resolution. 2. Form 18 filed with the Registrar of Companies along with ROC receipt. 3. Original SEBI Registration Certificate as DP of CDSL. B. In case the registered office is proposed to be changed outside the local limits but within the State: 1. Certified true copy of the board resolution and the special resolution passed at the Annual General Meeting of the Company. 2. Form No.23 and Form No.18 filed with the	

Reference	Compliance Requirement	Remarks
	Registrar of Companies (ROC) along with the ROC receipts. 3. Original SEBI Registration Certificate as a DP of CDSL. C. In case the registered office is proposed to be changed outside the State: 1. Intimation letter for the change in registered office address of the DP. 2. Certified true copy of the board resolution and the special resolution passed at the Annual General Meeting of the Company. 3. Form No.23 and Form No.18 filed with the Registrar of Companies (ROC) of the new state along with the ROC receipts. 4. Certified true copy of the amended Memorandum and Articles of Association of the Company. 5. Copy of the notice published in the newspaper. 6. Original SEBI Registration Certificate as a DP of CDSL.	
	In addition to the above documents, following documents are required to be obtained: ➤ Certified true copy(ies) of SEBI Registration Certificates of all the Stock Exchanges affiliated with, after incorporation of the change in the registered office address, wherever applicable. ➤ Declaration that the proposed change in registered office address is effected in all broking registration certificates issued by SEBI. ➤ Any other document(s) as and when required by SEBI.	
Operating Instruction 15.6	Change in DP address (Operation Site) ➤ The letter, addressed to CDSL, should	

Reference	Compliance Requirement	Remarks
	clearly state the OLD ADDRESS as well as the NEW ADDRESS of the DP and the effective date on which the change of address is to be effected. ➤ The DP should clearly mention the OLD IP ADDRESS as well as the NEW IP ADDRESS. This would be applicable for DPs who have already established connectivity through VSAT, Leased Line of BSE. ➤ The name, address and official contact details of the Compliance Officer and other authorised signatories should be submitted to CDSL. ➤ Certified true copy of Form 18 / Form 23, in case the new address is also the registered office address of the DP, evidencing that the DP is operating from the new address. ➤ The Lease agreement of the new premises or ownership document such as Sale Deed, latest Maintenance Receipt, Tax Receipt, etc. ➤ DPs are to ensure that all their BOs are duly informed, in writing, of any change incorporated by the DP in its name, status and address of its DP operations. ➤ DPs should send such intimation letters to their BOs and maintain proof of dispatch of such letters.	

INFORMATION/ DOCUMENTS TO BE SUBMITTED TO CDSL

Sr. No.	Particulars	Periodicity for submission of reports	Due dates for submitting reports
1.	BO Grievances Report	Monthly	10 th of the following month
2.	Internal Audit Reports and concurrent audit of risk prone areas	Half yearly	15 th May for half year ended 31 st March & 15 th November for half year ended 30 th September
3.	Audited Net Worth Certificate	Yearly	30 th September, after end of each financial year.
4.	Audited Financial Statements	Yearly	30 th September, after end of financial year
5.	Submission / Dissemination of DP Tariff / Charges structure	Yearly	On or before 30 th April every year and as and when tariff structure is revised
6.	Compliance Officer Details	If new officer appointed or any change in the office	Immediately
7.	Number of Suspicious Transaction Report (STR) filed directly with FIU-IND during a given month	Monthly	Within 7 th of the following month.

Compliance Reports:

8.	Compliance report in respect of Inspection / Internal Audit / Concurrent Audit, duly counter signed by concurrent / internal auditor should be submitted to CDSL within 30 days from receipt of non-compliance letter from CDSL.
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INFORMATION/ DOCUMENTS TO BE SUBMITTED TO FIU-IND

Sr. No.	Particulars	Periodicity for submission of reports	Due dates for submitting reports
9.	Suspicious Transaction Report (STR)	Fortnightly on receiving alerts from CDSL or whenever alerts are generated by DP or whenever suspicious transactions are seen by DPs.	To be submitted within 7 days of discovering the suspicious transaction.

GRIEVANCE REDRESSAL

Reference	Compliance Requirement	Remarks
Regulation 20 (2) (e) & Clause 25	➤ The DP shall redress the grievances of BOs within thirty days of the date of receipt of the complaint and keep the depository informed about the number and the nature of redressal.	
Comm. 432 dated July 17, 2004, SEBI/MRD/DO P/Cir-22/2004 dated July 14, 2004	➤ The Grievance Redressal Mechanism (for details refer Annexure A of Comm. 432 of 17.07.04) should be printed on the inside back cover of the Delivery Instruction Form issued by the DP.	
Bye Law 5.3.5.4 & Clause 7.1.3	➤ The DP shall submit the information about the number of complaints received from BOs during the month, complaints redressed during the month, complaints remaining unredressed, their nature and status thereof and the steps taken by the DP for redressal thereof, before the 10 th day of every succeeding month.	
Comm. 816 dated January 03, 2007	➤ The DPs are advised to designate an exclusive EMAIL ID of the Grievance Redressal Department or Compliance Officer for the purpose of registering complaints of investors and for taking necessary follow-up actions ➤ This exclusive email ID should be prominently displayed on the DP's website and in the various materials / pamphlets / advertisement campaigns initiated by the DP for creating investor awareness.	

RECORD MAINTENANCE

Reference	Compliance Requirement	Remarks
Regulation 49(4)	➤ The DP shall intimate SEBI the place where its records and documents are maintained.	In case there is any change, the same should be intimated to SEBI and CDSL immediately.
Comm. 680 dated March 31, 2006 SEBI Cir No. ISD/CIR/RR/AM L/2/06 dated March 20, 2006	➤ The DP shall preserve all the original records and documents for a period of ten years.	
Operating Instruction 2.8.1 Operating Instruction 2.8.2 Operating Instruction 3.6	<u>The DP shall maintain the following records:</u> ACCOUNT OPENING: ➤ Account Opening Form ➤ Agreement ➤ Power of Attorney Documents ➤ Nomination Form ➤ Supporting documents furnished with Account Opening Form ➤ Nomination Register ➤ Power of Attorney Register The above records should be preserved as long as the account is active and subsequently for a minimum period of ten years subject to any other law in force for preservation of records. ACCOUNTS ADMINISTRATION AND MAINTENANCE: ➤ All written instructions together with enclosures received from the BOs till the account is active and subsequently for a period of 10 years after the account is closed or any such period as may be prescribed by SEBI from time to time. ➤ Copies of letters sent to BOs confirming modifications done along	

Reference	Compliance Requirement	Remarks
Operating Instruction 4.10	with proof of dispatch of the letters. DEMATERIALIZATION OF EXISTING SCRIPS ➤ Copies of DRFs / TRPFs ➤ Record of : a) Demat requests sent to Issuers / RTAs b) Demat rejections received from Issuers / RTAs and dispatch details about documents returned to the BOs. c) Follow up letters sent to Issuers / RTAs for pending demats.	
Operating Instruction 6.8	SETTLEMENTS ➤ All instruction slips received from BOs ➤ Requisition slips against which fresh delivery instructions slip booklets were issued. ➤ Registers for recording: (a) Serial number of instruction slips issued to the BO (b) Loose instruction slips (c) Statements / computer printouts containing consolidated details of instructions executed by the DPs on behalf of clients who have given POAs to DPs / CMs.	
Operating Instruction 7.9	TRANSMISSION ➤ Notarised / attested copies of death certificates of the deceased BOs and letters of administration / probates of will / succession certificate of deceased BOs ➤ Correspondence with the successor / nominees ➤ Transmission request forms, ➤ Letter of indemnity ➤ Affidavits on appropriate non-judicial stamp papers ➤ No Objection Certificates from legal heirs	

Reference	Compliance Requirement	Remarks
Operating Instruction 8.7	PLEDGING AND HYPOTHECATION ➤ Pledge Request Forms, Unpledge Request Forms and Invocation Request Forms	
Operating Instruction 9.7	REMATERIALISATION / REPURCHASE ➤ Rematerialisation Request Forms (RRFs)/ Repurchase Request Forms, where applicable	
Operating Instruction 10.9	ACCOUNT CLOSURE ➤ Account Closure Request Forms / Request Letters / documents received from BOs for closure of their accounts ➤ DP initiated closure – letters sent to the BOs by the DP citing the reasons for closing the account and proof of dispatch of such notices ➤ Closure initiated by CDSL – copies of Court Orders / Orders from other statutory or regulatory authorities received from CDSL	
Operating Instruction 13.7	FREEZE AND UNFREEZE ➤ Copies of Freeze Request Forms Unfreeze Request Forms, Order for freezing / unfreezing of BO account from Court, Tribunal, Statutory / Regulatory Authorities together with supporting documents.	
Comm. 566 dated August 9, 2005	➤ The originals of documents, copies of which have been taken by CBI, Police or any other enforcement agencies during the course of any investigations, shall be preserved both in electronic and in physical form till the trial is completed.	
Regulation 51	➤ Where a DP has entered into an agreement with more than one Depository, it shall maintain all the records separately in respect of each depository.	

RECONCILIATION

Reference	Compliance Requirement	Remarks
Regulation 47, Bye law 5.3.9 & Clause 11	➤ Every DP shall reconcile his records with CDSL on a daily basis using the various reports available on the system. ➤ Every DP shall, as a continuous process and on an on-going basis reconcile with its own records and those of its BOs, all records, balances, advices, statements and reports received by it from CDSL. ➤ Any error or omission in such records, balances, advices, statements and reports shall be promptly notified to CDSL.	
Operating Instruction 2.7, 3.5, 4.9, 6.7, 7.8, 8.6, 9.6, 10.8, 13.6	The DP should, on a daily basis, do reconciliation of following requests: ➤ Account Opening ➤ Account maintenance ➤ Dematerialisation ➤ Instructions slips ➤ Transmission ➤ Pledge, unpledge, invocation ➤ Rematerialisation ➤ Account Closure ➤ Freeze, unfreeze	Total requests received during the day should reconcile with the requests confirmed, rejected and pending.

SYSTEM / CONNECTIVITY

Reference	Compliance Requirement	Remarks
Regulation 45 & Clause 5	➤ Every DP shall maintain continuous electronic means of communication with each depository in which it is a participant	
Clause 4 & Comm. 309 dated September 3, 2003	➤ The DP should install at his/its premise computers, printers, communication equipment and un-interruptible power supply units, systems software and any other equipment, hardware and software as specified. ➤ All the computers, communication equipment, printers, un-interruptible power supply units and all other hardware and software should be of the specified configuration and sourced only from CDSL empanelled/approved brands. ➤ The hardware and software set-up should be utilized by the DP exclusively for CDSL specific application module. ➤ The DP should not connect the hardware to its inter-office Wide Area Network without the prior written permission of CDSL. ➤ The DP has to, on its own cost, carry out such addition, modification, up-gradation or replacement of the said hardware and /or software as may be specified by CDSL.	
Clause 23 Comm. 435 dated July 21, 2004	➤ The DP should strictly follow the back-up procedure as recommended. ➤ The back up of database and report folders should be taken on daily basis. ➤ Depending on transaction volume, a separate media should be used to take periodic back up at least on monthly basis and this media should be preserved. The back ups should not be stored on the same machines on the second hard disk and floppies should not be used for taking back ups.	

Reference	Compliance Requirement	Remarks
Comm. 1731 dated September 30, 2009	➤ A date-wise back up register in manual form or in back office should be maintained to keep record of the activity and inventory of the back up media. ➤ Two copies of all backup media should be created and one copy of the backup should be stored offsite. Backup and Restore Process 1. <u>Daily Backup:</u> ➤ Backup should be taken daily and should be mandatorily stored for SEVEN days. That is, every Monday's backup may be overwritten with the backup of the following Monday's backup. 2. <u>Monthly Backup:</u> ➤ The monthly backup media should be stored for 12 months. That is, backup for the month-end of January may be overwritten with the backup of the month-end of January of the following year. 3. <u>Release-wise Backup:</u> ➤ The release-wise backup should be kept for three releases. 4. <u>Additional Measures:</u> ➤ Back up to be taken of Q:\Reports folder. ➤ For taking back up of database, procedures (as explained in Annexure-A of communiqué no. CDSL/OPS/DP/1390), should be followed. ➤ Back up should not be stored in the same hard disk or a second hard disk attached to the workstation.	

Reference	Compliance Requirement	Remarks
	➤ Back up should be taken on external media such as CD / DVD / Tape / any other external backup device. ➤ The external back up device, as mentioned above, should be dedicated to CDSL backup only. ➤ For each day of the week, separate media should be used for backup i.e. different CD / DVD / Tape / external backup device. The same media may be recycled to take backup the following week. ➤ CDSL strongly recommends that one copy of the backup media be stored <u>offsite</u>.	
Clause 24 Comm..410 dated May 19, 2004	➤ The DP should inform CDSL of any loss or failure of connectivity between DP and CDSL. ➤ In case of interruption of Depository Services at the DP the DP should lodge their request for contingency arrangements at CDSL helpdesk and follow the procedure as mentioned in communiqué.	
Regulation 50	➤ Where records are kept electronically by the DP, 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.	
Comm. 541 dated April 15, 2005	➤ The DP shall ensure that “Acrobat Reader Software” should be installed at the server and work stations where CDAS system is installed.	

Reference	Compliance Requirement	Remarks
Comm. 773 dated October 18, 2006	➤ DPs with more than 500 BO accounts, have to set up a back office system, with the prescribed features, with effect from April 01, 2007.	
Comm. 1577 dated May 13, 2009	➤ All DPs are advised to ensure that a back office system is installed and operational by December 01, 2009. The back office system should contain, as a minimum requirement, the following operational features: ➤ Maker-Checker facility for all transactions entered. This would include account opening, demat and all other transactions. ➤ Capture of BO signature and retrieval for the purpose of verification at the time of entry of instructions. ➤ Maintaining proper record of Delivery Instruction Slips [DIS] with respect to the following activities, as mentioned in the DP operating instructions: a. Inventory control of printed instruction slip books. b. Recording issue of instruction slip books to BOs. c. Precautions while accepting duly filled DIS from the BOs and execution of the same. d. Issue of loose DIS to the BOs. e. The facility to record or cancel slips / slip-books which are reported lost / returned by the BOs. f. DIS issued to and received from POA holders. g. Verification of high value DIS. h. Any other requirement communicated by CDSL, in this regard, from time to time. ➤ The back office system should be able to import various reports generated by the CDSL system for the purpose of updating	

Reference	Compliance Requirement	Remarks
	transaction status / reconciliation. ➤ The back office system should be able to generate batch files of account opening and various transactions, in prescribed formats, for uploading to the CDSL system and import the success / failure reports generated for the uploaded transactions. ➤ The back office system should be "Settlement Pocket" compliant i.e. it should have all the features to support "Settlement Pocket". ➤ As a risk management measure, CDSL has provided a utility to encrypt transactions files created in the back office. The feature should also be implemented in the back office system.	
Comm. 395 dated April 15, 2004	➤ DPs should ensure to install Contivity VPN Client Software provided by CDSL in accordance with the prescribed procedure.	
Comm 309 dated September 3, 2003 Comm. 538 dated April 5, 2005 & Comm. 650 dated January 23, 2006	<u>'Variable access rights' scheme</u> ➤ The DP should properly implement the variable access rights to control access and manage the roles of different users most efficiently and gives better control for managing the daily operations of CDAS system. CDSL application provides a facility for DP to create users and provide access rights to them. Rights can be specified in terms of access time as well as transactions. ➤ The DP should note: a. To create appropriate login under the clauses allocated by CDSL and further allocate modules and transaction rights thereof. - b Not to allow the operators to share user ID and their passwords. c. If compliance officers/ any employee / user leaves the DP organization their ' Login ID' should immediately be made 'permanently	

Reference	Compliance Requirement	Remarks
	inactive' and subsequently deleted from the system.	
Comm. 309 dated September 3, 2003	➤ The DP should ensure that whenever any changes in upload file formats are sent to them, the same should be promptly incorporated in their back office.	
Comm 309 dated September 3, 2003	<u>Anti virus software to be loaded on server and / or client machine(s)</u> ➤ DPs shall ensure that a suitable Anti Virus Software as recommended by CDSL, be installed on the server / workstation where the CDSL application is loaded.	
Operating Instruction 17.5	Connectivity with CDSL on working / business dates ➤ DPs are advised to ensure that they log on to the CDSL system on all business dates. Prior intimation to CDSL is mandatory if a DP will not be logging on to the system for two business days or more, at a time. Failure to log on and/or give prior intimation to CDSL would attract penalty as outlined in the DP operating instructions.	

ASSIGNMENT OF BUSINESS

Reference	Compliance Requirement	Remarks
Regulation 52, Bye law 5.3.30 & Clause 26	➤ The DP shall not assign its business and/or functions as a participant or entrust the control or conduct of its business and/or functions to any person except with the prior written approval of CDSL and subject to such terms and conditions as CDSL may stipulate from time to time. ➤ If there is any substantial change in the share holding pattern or constitution of the Board of Directors or in the composition of the partnership, it shall constitute an assignment of the business and/or functions and prior written approval from CDSL shall be obtained.	
Comm. 75A dated January 22, 2001	➤ On set up of the DP branch following points have to be complied with: 1. The branches of the DP must have the requisite hardware / software as prescribed by CDSL. 2. The branch premises must be owned / leased or licensed to the main DP. 3. The branch of the DP must have the communication network registered in the name of the main DP or leased or licensed to the main DP. 4. The branch of the DP must have at least one staff member who is on the payroll of the main DP. 5. The branch of the DP must display the name of the main DP prominently. 6. The branches of the DP must have the requisite trained personnel to handle the DP operations. 7. The branches of the DP must have adequate provisions for safety and security of the documents pertaining to the BOs. 8. The main DP should submit an undertaking to fulfill all rights and obligations on behalf of all its branches.	

Reference	Compliance Requirement	Remarks
	➤ Point 1 to 7 has to be complied on regular basis.	
Comm. 252 dated March 7, 2003	➤ If DPs are having any collection branch without electronic linkage with main DP or electronically connected branch through back office software, it should immediately convert itself into either direct electronically connected branch, if it is commercially viable proposition to do so or have it linked with the main DP centre electronically connected through back office software	
Comm. 956 dated September 14, 2007	<u>Supervision of branches of Depository Participants</u> Main DPs are advised to comply with following requirements regarding supervision of branches of Depository participants 1) To keep on record, identification documents (including photo-identification) of all the persons engaged in DP operations – (i) at their Main office; (ii) at all live-connected branches, and (iii) at back office connected branches. 2) The DP shall inform CDSL about the setup of branches in the prescribed format. 3) To maintain documentation at the Main office regarding the scope of activity of each branch (live or back office). This documentation should include the following aspects: (i) Services being provided by each branch (live-connected or back-office connected); (ii) Authorization levels of each type of transaction, i.e. ⇒ Maker / Checker ⇒ Limits based on value of transactions	

Reference	Compliance Requirement	Remarks
	(iii) Record-keeping policy, including Exception Reporting Mechanism, Maintenance of Registers, Agreements, Inventory of Instruction Slip Booklets, Reconciliation procedures (if any documents are forwarded to the Main DP). 4) To ensure that all live connected branches as well as back office connected branches display the types of services provided by each of them. The display board / chart should be prominently visible to the clients. The DO'S AND DON'TS should also be displayed similarly. 5) To ensure that back office connected branches fulfill the following criteria: (i) Adequate infrastructure (ii) Adequately trained staff (at least one person who is CDSL-trained / BCCD certified). (iii) Name of the Main DP should be displayed prominently on the premises of the branch. (iv) Any communication to CDSL relating to issues of any DP-branch should be on the DP's letterhead and signed by the compliance officer/authorized signatory. (v) The back office connected branch should be managed by the DP's own staff. However, if such a branch is managed by a franchisee, DPs are advised to follow the additional guidelines given below, in addition to the guidelines given in (i), (ii) & (iii) above. DPs may also specify additional criteria as per their own requirements: ➔ Franchisees should be duly registered (with a valid	

Reference	Compliance Requirement	Remarks
	registration certificate on the date of appointment), with a regulatory authority such as a recognized stock exchange, SEBI, RBI or IRDA. ➔ DPs should sign an agreement with the franchisee, covering services that can be offered by the franchisee. ➔ The DP should prescribe minimum financial criteria for a franchisee.	
Comm. 956 dated September 14, 2007	I. While ceasing the DP services from a franchisee / back office connected branch, the DP should make alternative arrangements to provide service to the BOs, who are availing of depository services through the said franchisee / back office connected branch. II. The DP shall inform CDSL about termination of such franchisee/back office connected branch services within 10 days of termination, in the prescribed format. The DP shall also confirm compliance with the aforementioned requirements. III. The Main DP should ensure comprehensive takeover and maintain the records of terminated franchisee / back office connected branches.	
Comm. 956 dated September 14, 2007	➤ The Main DP shall be responsible for all acts of omission and commission of all its branches including back office connected branches / franchisees.	
Comm. 1758 dated October 30, 2009	Prior Approval of CDSL for Opening a DP Service Centre ➤ DPs should note that with effect from November 01, 2009, prior approval of CDSL should be obtained for opening a DP Service Centre including back office connected branches and collection	

Reference	Compliance Requirement	Remarks
	centres. ➤ For this purpose, DPs should submit an application to CDSL along with the requisite information in the prescribed format . ➤ DPs are also advised to ensure that a soft copy of the information (submitted along with the application) is forwarded to CDSL, at email ID: scapprovals@cdslindia.com. ➤ The DP shall undertake that: a. The service centre has and will maintain adequate infrastructure commensurate with the type of depository services being offered at the service centre. b. The service centre has and will have at least one person who is depository trained and certified or BCCD certified. c. The Participant has and will maintain on record identification documents (including photo identification) of all the persons engaged in DP operations at the service centre. d. The service centre will have the name of the Main DP prominently displayed in the premises of the service centre. e. If such a service centre is managed by a franchisee : • The franchisee should be duly registered (with a valid registration certificate) with a regulatory authority such as recognized stock / commodity exchange, SEBI, RBI or IRDA. • The DP should ensure that validity of the registration continues, otherwise the DP will terminate the franchisee arrangement for DP operations with such entity.	

Reference	Compliance Requirement	Remarks
	The DP should enter into an agreement with the franchisee covering services that can be offered by the franchisee.	

CODE OF CONDUCT

Reference	Compliance Requirement	Remarks
Regulation 20A	➤ All the participants shall, at all times, abide by the Code of Conduct as specified in the Third schedule.	
1.	➤ DPs shall make all efforts to protect the interest of investors.	
2.	➤ DPs shall endeavor to: ➤ Render the best possible advice to the clients having regard to the clients needs and the environments and his own professional skills. ➤ Ensure that all professional dealings are affected in a prompt, effective and efficient manner. ➤ Inquiries from investors are adequately dealt with Grievances of investors are redressed without any delay.	
3.	➤ DP shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.	
4.	➤ DP shall be prompt and diligent in opening of a BO account, dispatch of the DRF, RRF and execution of debit instruction slip and in all the other activities undertaken by him on behalf of the BOs.	
5.	➤ DP shall endeavor to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.	
6.	➤ DP shall not increase charges/ fees for the services rendered without proper advance notice to the BOs.	
7.	➤ DP shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.	

Reference	Compliance Requirement	Remarks
8.	➤ DP shall not make any exaggerated statement whether oral or written to the clients either about its qualification or capability to render certain services or about its achievements in regard to services rendered to other clients.	
9.	➤ DP shall not divulge to other clients, press or any other person any other information about its client which has come to its knowledge except with the approval / authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.	
10.	➤ DP shall co-operate with SEBI as and when required.	
11.	➤ DP shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations, circulars and direction issued by SEBI. ➤ The DP shall also comply with the award of the Ombudsman passed under the SEBI (Ombudsman) Regulations, 2003.	
12.	➤ DP shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.	
13.	➤ DP shall not neglect or fail or refuse to submit to SEBI or other agencies with which it is registered, such books, documents, correspondence and papers or any part thereof as may be demanded/ requested from time to time.	
14.	➤ DP shall ensure that SEBI is informed promptly about any action, legal proceedings etc, initiated against it in respect of material breach or non-compliance by it, of any law, Rules, Regulations, directions of SEBI or of any other regulatory body.	

Reference	Compliance Requirement	Remarks
15.	➤ DP shall maintain proper inward system for all types of mail received in all forms.	
16.	➤ DP shall follow the maker-checker concept in all of its activities to ensure the accuracy of the data and as a mechanism to check unauthorised transaction.	
17.	➤ DP shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. ➤ DP shall ensure that for electronic records and data, up-to-date back up is always available with it.	
18.	➤ DP shall provide adequate freedom and powers to its compliance officer for the effective discharge of his duties.	
19.	➤ DP shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.	
20.	➤ DP shall be responsible for the acts or omissions of its employees in respect of the conduct of its business.	
21.	➤ DP shall ensure that the senior management, particularly decision makers, have access to all the relevant information about the business on a timely basis.	
22.	➤ DP shall ensure that good corporate policies and corporate governance are in place.	

PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA)

Reference	Compliance Requirement	Remarks
Comm. 649 dated January 23, 2006 and Comm. 673 dated March 22, 2006	➤ The DPs should formulate a proper policy framework in keeping with the objectives of anti money laundering measures as set out in the Act and the Rules notified. ➤ They should designate an officer as the “Principal Officer” who would be responsible for ensuring compliance of provisions of PMLA including timely submission of reports to Financial Intelligence Unit of Ministry of Finance. ➤ Name, designation and address (including e-mail address) of the “Principal Officer” should be immediately intimated to the Office of Director, Financial Intelligence Unit, New Delhi. ➤ In addition to the disclosures referred to in the guidelines annexed to the Communiqué, a DP may decide additional disclosures to be made by his clients. ➤ A DP should adhere to the following aspects spelt out in the guidelines regarding PMLA: a) Customer due diligence measures. b) Policy for acceptance of clients. c) risk-based approach. d) Clients of special category. e) Clients identification procedure. f) Record keeping. g) Preservation of records. h) Monitoring of transactions. i) Suspicious transactions and their reporting to appropriate authority. ➤ Records relating to cash transactions / suspicious transactions reported, should be maintained for a period of 10 years.	

Reference	Compliance Requirement	Remarks
Comm. 772 dated October 18, 2006	➤ The DPs are advised to note that CDSL's DP Operating Instructions and various communiqués issued, clearly outline the documents required to be obtained for account opening. However, DPs are required to exercise due diligence while establishing the identity of the intending BO(s), thus ensuring the safety and integrity of the depository system, as the provisions of PMLA stipulates that the intermediaries are also required to be aware of the nature of business and financial status of the intending BO(s) at the time of account opening or executing any transactions thereafter.	
Comm. 762 October 06, 2006	➤ For the purpose of reporting the details of suspicious transactions to the FIU-IND, CDSL has evolved certain criteria for generating alerts for DPs containing details of transactions that are potentially suspicious. DPs will be required to analyze and ascertain whether the transactions intimated by CDSL are suspicious in nature. For this purpose, DPs are advised to evolve their own procedure for scrutiny of the alerts for identifying suspicious transactions, so as to comply with the provisions of the PMLA and rules and guidelines thereof issued by FIU-IND/ SEBI from time to time. DPs should note that they should not restrict themselves to scrutinizing the transactions appearing in the alerts given by CDSL and should evolve their own mechanism to monitor all transactions. ➤ If DPs identify any transaction as suspicious in nature, they should submit the report directly to the Director, FIU-IND, New Delhi, in the prescribed format within 7 working days of establishment of suspicion.	

Reference	Compliance Requirement	Remarks
	➤ DPs are also required to maintain a Register where they should note the action taken on such report.	
Comm. 793 dated November 21, 2006	➤ DPs have to ensure that a proper policy framework covering client identification programme, retention of records and monitoring and reporting of suspicious transactions as per the Guidelines on anti-money laundering measures is put into place. DPs should send a copy of the Policy directly to FIU-IND.	
Comm. 1345 dated November 06, 2008	➤ DPs will be required to establish/identify suspicious transactions in the light of “Financial Status” and the “Nature of Business” of the clients. For such transactions, DPs should submit the Suspicious Transaction Report directly to FIU-IND in the prescribed format, within seven working days of establishment of suspicion. ➤ 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.	
Comm. 1446 dated January 29, 2009 Comm. 1776 dated November 11, 2009 Comm. 1779 dated November 13, 2009	➤ Consolidated List of individuals and entities subject to sanction measures and UNSC Resolutions 1267 and 1822 on Taliben / Al – Qaida ➤ DPs should note that the full and updated version of the Consolidated UN List is accessible at the United Nations Security Council's Al-Qaida and Taliban Sanctions Committee's website: http://www.un.org/sc/committees/1267/consolist.shtml. ➤ The individuals and entities listed under the Consolidated List are subject to sanctions including freezing of assets, notification to financial institution, denial of	

Reference	Compliance Requirement	Remarks
	financial services etc as per UNSC Resolutions and Government of India (GOI) order. ➤ DPs should note that in case any account/asset of designated entities/individuals mentioned in the Consolidated List is found, details of the same may be conveyed through CDSL to SEBI for further action.	
Comm. 1447 dated January 29, 2009	➤ IMPLEMENTATION OF UN SECURITY COUNCIL RESOLUTIONS / EU COMMON POSITION AND REGULATIONS ➤ DPs should note that UN Security Council unanimously adopted Resolutions, which among other things, calls for member states to freeze immediately the funds, other financial assets and economic resources owned or controlled by the persons and entities designated as well as additional persons or entities designated by the UNSC or by the Sanctions Committee set up by the Resolutions. ➤ DPs should note that the UN Resolutions and EU measures are available on the websites mentioned in Comm. No. 1447 dated January 29, 2009. ➤ DPs should note that in case any account/asset of designated entities/individuals mentioned in the Consolidated List is found, details of the same may be conveyed through CDSL to SEBI for further action.	

Reference	Compliance Requirement	Remarks
Comm. 1448 dated January 29, 2009	DPs are advised: ➤ To carefully analyze alerts sent by CDSL and file STRs with FIU-IND in appropriate cases ➤ To provide the following information in the grounds of suspicion so that FIU-IND will be in a position to analyze STRs correctly. 1. Details of initial alert sent by CDSL through an upload to the DP's billing folder 2. Information collected during analysis of alert 3. KYC information of the client 4. Period of the activities being reported 5. Quantum of the activities being reported 6. ISIN / Issuer Name, if reported transaction relates to a particular ISIN / Issuer 7. Explanation regarding the reported suspicion	
Comm. 1706 dated September 4, 2009	➤ DPs should take note of the contents of SEBI Circular, no. ISD/AML/CIR-1/2009 dated September 01, 2009 on the subject of Anti-Money Laundering [AML] Standards / Combating Financing of Terrorism [CFT] / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act [PMLA], 2002 and Rules framed thereunder and ensure compliance..	
Comm. 1751 dated October 24, 2009	➤ DPs should take note of the contents of SEBI circular no. ISD/AML/CIR-2/2009 dated October 23, 2009 on the subject of Combating Financing of terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 enclosing the order issued by Government of India, Ministry of Home	

<u>Reference</u>	Compliance Requirement	Remarks
	Affairs, New Delhi dated August 27 th , 2009 and ensure compliance.	

