# OPERATING INSTRUCTIONS FOR ISSUERS & REGISTRAR & TRANSFER AGENTS

# DECEMBER 2021

| **Abbreviation** (in alphabetical order) | **Expansion of Abbreviation** |
|---|---|
| **A I & C** | Audit Inspection & Compliance Department |
| **AOA** | Articles of Association |
| **ACA** | Auto Corporate Action |
| **BOD** | Board of Directors |
| **BO** | Beneficial Owner. (A Beneficial Owner / entity means a person whose name is recorded as such with a Depository) |
| **BO ID** | Unique Identification/Account Number of the Beneficial Owner |
| **CDSL** | Central Depository Services (India) Limited |
| **Communiqué** | Communication / Circulars sent by CDSL to DPs |
| **DAC** | Disciplinary Action Committee |
| **Demat** | Dematerialisation |
| **DP** | Depository Participant. (A Depository Participant is one who is admitted or "registered" as such by SEBI under Section 12 of the SEBI Act 1992 and CDSL, as a DP. A DP shall, for all practical purposes, be an agent of CDSL, performing functions assigned to it by CDSL). |
| **DP ID** | Unique Identification Number of the Depository Participant |
| **DRF** | Dematerialisation Request Form |
| **DRN** | Dematerialisation Request Number |
| **ED** | Executive Director |
| **EOD** | End of Day |
| **FII** | Foreign Institutional Investor |
| **FPO** | Follow-on Public Offer |
| **INSTANCE** | Each case where the non-compliance or violation is observed |
| **Inter-depository transactions** | Transactions done for transfer of eligible securities from an account held in one depository to an account held in another depository |
| **IPO** | Initial Public Offer |
| **ISIN** | International Securities Identification Number. (An ISIN is a code, which uniquely identifies specific securities of Issuers and is allotted, at the time of admission, in Depositories) |
| **ISSUER** | Any person or entity making an issue of securities |
| **MD** | Managing Director |
| **MICR** | Magnetic Ink Character Recognition |
| **MOA** | Memorandum of Association |

| **Abbreviation** (in alphabetical order) | **Expansion of Abbreviation** |
|---|---|
| **NRI** | Non-Resident Indian (residential status of an individual as defined in the Income Tax Act, 1961) |
| **NSE** | National Stock Exchange of India Limited |
| **OCB** | Overseas Corporate Body |
| **OCCASION** | The event during which the non-compliance or violation is observed example: Inspection |
| **RBI** | Reserve Bank of India |
| **Remat** | Rematerialisation |
| **RRF** | Rematerialisation Request Form |
| **RRN** | Rematerialisation Request Number |
| **RTA** | Registrar & Transfer Agent |
| **SEBI** | Securities and Exchange Board of India |
| **SEQUENCE NUMBER** | Unique ID allocated by the CDSL system for each IPO / CA |
| **SOD** | Start of the Business Day |
| **TPRF** | Transposition Request Form |
| **TRF** | Transmission Request Form |

**Central Depository Services (India) Limited**

***Convenient ⌖ Dependable ⌖ Secure***

# CHAPTERS

# DECEMBER 2021

**CDSL : *your depository***

**CHAPTER 1_____ DEMATERIALISATION OF EXISTING SCRIPS**

**CHAPTER 2_____REMATERIALISATION OF SECURITIES**

**CHAPTER 3_____ DEMATERIALISATION OF NEW ISSUES**

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**CHAPTER 6_____ COSTS, CHARGES AND DEPOSITS**

**CHAPTER 7_____ PENALTY STRUCTURE FOR RTAs**

**CHAPTER 8_____ MISCELLANEOUS MATTERS**

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# 1 DEMATERIALISATION OF EXISTING SCRIPS

## 1.1 Objectives

1.1.1 Dematerialisation is the process, which enables BOs to convert their existing holdings of securities in physical form to electronic form and hold the same in their accounts with CDSL.

## 1.2 Reference to Law

1.2.1 **Depositories Act, 1996**

- Section 6 - Surrender of certificate of security

1.2.2 **SEBI (Depositories and Participants) Regulations, 1996**

- Regulation 27 - Depository to declare specific securities eligible
- Regulation 28 - Securities eligible for Dematerialisation
- Regulation 29 - Agreement between Depository and Issuer
- Regulation 38 - Records to be maintained
- Regulation 53 - Agreement by Issuer
- Regulation 54 - Manner of surrender of Certificate of Security

1.2.3 **CDSL Bye laws**

- Bye - Law 13.2 – Dematerialisation

1.2.4. **Prevention of Money Laundering Act, 2002**

- **Rule 6 : Retention of Records**

## 1.3 Annexures

- Annexure 1.1 - Dematerialisation Register
  (Format of Register suggested to be maintained by Issuer/RTA)
- Annexure 1.2 - Indemnity for securities lost in transit.
- Annexure 1.3 - Format of letter for rejection of pending demat request

## 1.4 Procedure

1.4.1 Issuers/RTAs are advised to devise appropriate controls over the processing activities to ensure that only "*clean stock*" i.e. share certificates, which were genuinely issued by the Issuer, are dematerialised.

1.4.2 The Issuer/RTA can access the data immediately after the demat request is set-up by the DP. Each demat request is identified by a unique Demat Request Number (DRN).

1.4.3 The Issuer/RTA, on receipt of certificates and Demat Request Form (DRF) from DP shall capture the date of receipt of the same against the DRN in the front-end system and will confirm to CDSL electronically through its front-end system. In case of transposition-cum- dematerialisation, the Issuer/RTA shall receive the Transposition Request Form along with the DRF. Similarly in the case of transmission - cum – dematerialization, the Issuer/RTA shall receive the Dematerialization Request Form along with the Original or copy of the death certificate of the deceased holder(s), duly notarized or attested by a Gazetted Officer. The date of receipt should also be mentioned on the physical copy of the DRF.

1.4.4 The Issuer/RTA should verify the BO sub-status for the ISIN to be dematerialised in case the BO has different sub-status for the ISIN.

1.4.5 The RTA must ensure the request has been generated for the correct ISIN, where the Issuer has issued more than one security and has more than one ISIN.

1.4.6 In case of transposition-cum-dematerialisation, the Issuer/RTA shall ensure that the transposition form contains those combination of names in which the BO account has been opened.

1.4.7 Once a demat request is received physically, the Issuer/RTA will record the details in its back-office registers maintained either in physical or electronic form. (Refer to Annexure 1.1 – Demat-Register)

1.4.8 On receipt of both electronic and physical request, Issuer/RTA initiates processing of the Dematerialisation request.

1.4.9 Issuer/RTA verifies whether the DRN, BO ID, ISIN, quantity, number of certificates, etc. as mentioned on the DRF and as received electronically from CDSL, tally. The Issuer/RTA also verifies the signatures of BOs on the DRF with the signatures recorded by him. The Issuer/RTA also checks whether the DRF is authorised by the DP. In case of any discrepancy, the Issuer/RTA must reject the request under the relevant system-defined REJECTION CODE.

1.4.10 If the details do not tally between electronic and physical request, the Issuer/RTA informs the DP and the DRF and certificates are sent back to the DP under rejection.

**Controls to be maintained for verification of data by Issuer/RTA.**

- Match all the details on the DRF with the master data in the Register of Members of the Issuer.
- Name Matching: SEBI, in its meeting held on December 17, 1998, directed that in case the BO's name on the DRF is not matching with that on the certificate, (for example, the holder of the securities may have opened the depository account in the name of Sushil Ramesh Shah but his name on the certificate may appear as Sushil R. Shah or S.R. Shah, etc.), the Dematerialisation request could be accepted by the DP and processed by the Issuer/RTA, if the BO's signature on the DRF matches with his specimen signatures available on records with the DP.
- The Issuer/RTA will perform an additional check against its internal database of lost, stolen or forged certificates and include these indicators against the respective data record.
- The Issuer/RTA can capture the date of receipt of physical certificates & the DRF into the CDSL database, this activity can be done without the verification process. However, the status of the request remains as Setup only. (The capturing of date of receipt will not be construed as receipt of all documents / certificates by the Issuer/RTA.
- Acceptance / Rejection at the verification stage is entered into the CDSL system after the above steps have been performed. Appropriate reason / code of rejection must be specified against the quantity under mismatch, so as to enable the DPs to identify the error.
- In case of multiple reasons for rejection, each such rejection reason should be recorded.
- Issuers/RTAs should reject certificates carrying any changes in BO ID (contained in the defacing stamp) on certificates, if they are not authenticated by the DP.
- Issuers/RTAs should check whether the stamp "surrendered for demat" along with DP Name, DP ID and BOID on the certificates, is affixed properly.
- After all the details are verified, the Issuer/RTA shall "Verify" the DRN in the CDSL system. Part verification and part rejection is also permitted.

  Eg.1. If 500 securities are received, 300 can be "verified" and 200 can be "rejected". In such a case, the status of the DRN will change to "Verified"

Eg. 2: If 500 securities are received, 200 can be verified, 200 can be rejected. 100 securities can be verified at a later stage. In such a case, the status of the DRN will remain as "Setup". However, unless the remaining 100 securities are rejected / verified, the "confirmation" cannot be given to 200 securities which are "verified".

1.4.11 The Issuer/RTA shall then process the valid certificates/documents for dematerialisation by transferring the registered ownership of securities to the name of Central Depository Services (India) Limited, and update its Register of Members. (Except those securities where the title of which is under dispute, or those where fake/forged/stolen certificates are received).

1.4.12 The Issuer/RTA will capture the confirmation / rejection details against an ISIN under a DRN and update the same into the CDSL database as under:

- Quantity received by Issuer/RTA.
- Quantity accepted by Issuer/RTA. If the securities are under "lock-in", a system-defined reason for the lock-in should be specified.
- Quantity rejected by Issuer/RTA with rejection reasons, as pre-defined by the system.

1.4.13 The rejected certificates shall be returned by the Issuer/RTA to the concerned DP. (in case of forged certificates, the RTA shall not return the certificates to the DP, but shall send only the rejection letter). The rejection will be treated as complete only after the Issuer/RTA has mailed the rejection letter along with respective certificates and the relevant documents (e.g. copy of court order, etc.) to the DP, within seven (7) days of rejection of the request.

1.4.14 For releasing the confirmation against a DRN, the entire quantity of securities under a given DRN must be accounted by the Issuer/RTA i.e. part confirmation or part rejection cannot be released. In other words, under a given DRN, unless the total of accepted quantity and rejected quantity is equal to the requested quantity, DRN confirmation cannot be released to CDSL.

1.4.15 The Issuer/RTA can accept part of the quantity of securities received for dematerialisation and reject the remaining quantity.

1.4.16 The DRN, against which the Issuer/RTA has captured the verification details, will then be updated in the CDSL database as confirmed. On a successful "commit" by Issuer/RTA, the balances in the BO account would be activated.

1.4.17 The physical certificates may be destroyed or stored as per the requirements of Issuers.

1.4.18 The dematerialisation process must be completed within a period of 15 days from the date of physical receipt of the DRF by the Issuer/RTA or as specified by CDSL from time

to time.

1.4.19 In cases where the physical certificates have not been received by the Issuer/RTA even after 30 days (or as stipulated by CDSL from time to time) from the date of generation of the DRN, the RTA may reject the demat request under appropriate pre-defined system rejection reason.

## 1.5 Procedure to be followed in case securities are lost in transit

1.5.1 In cases where DP has generated the DRN but physical securities have not been received by the Issuer/RTA even after 30 days from the date of generation of the DRN,
the following procedure will be followed -

a) The Issuer/RTA is required to contact the DP for despatch details of the physical securities.

b) On receipt of proof of despatch from DP and after confirming that the securities have not been received undelivered at the DP's end,

- the Issuer/RTA is required to accept the demat request based on the Indemnity given by the DP along with a proof of despatch of the certificates / documents pertaining to the said DRN. The Format of the Indemnity shall be as per Annexure – 1.2.
- In cases where the Issuer/RTA has rejected the demat request due to non receipt of physical certificates the Issuer/RTA is required to accept the new DRN set up by the DP for the same based on fresh demat request form and duly executed Indemnity submitted by the DP along with proof of despatch of the certificates /documents pertaining to the old DRN.

1.5.2 In case of loss of certificates in transit, the Issuer/RTA shall ensure that the Indemnity is not accepted for such cases, where the Issuer/RTA has rejected the DRN for such reasons, where demat cannot be accepted. The rejection reasons could be Fake / Forged certificates / Court Orders / Duplicate Certificates already issued, etc.

## 1.6 Procedure for withdrawal of demat request :

1.6.1 Issuers/RTAs would receive the following documents from the BO –

- Letter, in the format given in Annexure 1.3, requesting for rejection of the pending demat request
- Letter giving the DRN details duly signed and stamped by the DP.

1.6.2 Based on the above letters, the Issuer/RTA should reject the demat request electronically and intimate the DP and BO of the rejection of the demat request.

## 1.7 Controls

The Issuer/RTA must ensure that -

- The process of dematerialisation is in conformity with the procedure mentioned above and does not in any way violate the provision of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, and CDSL Bye-Laws.
- Demat requests are processed (either confirmed or rejected), within a period of 15 days from the date of physical receipt of the DRF by the Issuer/RTA.
- It shall be the duty of the Issuer/RTA to ensure that nobody is able to perpetrate a fraud with the system. Access to the CDSL system must be given to authorised employees only.

## 1.8 Reconciliation

The Issuer/RTA shall carry out Reconciliation on a daily basis, in respect of the following:

- CDSL holding to be reconciled with the quantity confirmed by the Issuer/RTA.
- **Total Demat requests pending** = Requests received electronically and physically + Requests received electronically only
- **Total Capital** = Physical Holdings + Electronic holdings in (CDSL + other Depository).
- **Total Demat requested (quantity)** = Total Confirmations (quantity) + Total Rejections (quantity) + Pending (quantity)

## 1.9 Records

1.9.1 The original DRF and the supporting documents such as TRPF, Transmission form, death certificate etc. should be stored safely by the Issuer/RTA for a period of **$8** years or any such period as specified by SEBI /CDSL/ Prevention of Money Laundering Act 2002, whichever is higher.

1.9.2 The RTA should maintain a record of all the rejections sent by him along with all the necessary documents such as copies of Court orders, Order of any Tribunal, etc.

1.9.3 The Issuer/RTA should maintain a control of all the Dematerialisation requests received and the respective status.

1.9.4 The Issuer/RTA shall maintain a proper record of the Back-ups taken on a daily basis.

1.9.5 Issuer/RTA should preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation, till the investigation is completed.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

# 2 REMATERIALISATION OF SECURITIES

## 2.1 Objectives

2.1.1 To convert the electronic balances of the BO into physical form.

## 2.2 Features

2.2.1 **Rematerialisation** is a process by which the electronically held securities, belonging to a particular BO, are converted into physical form.

## 2.3 Reference to Law

2.3.1 **Depositories Act – 1996**

- Section 14 - Option to opt out in respect of any security.

2.3.2 **SEBI (Depositories and Participants) Regulations, 1996**

- Regulation 33 - Withdrawal by participant.
- Regulation 44 - Transfer or withdrawal by Beneficial Owner

2.3.3 **CDSL Bye Laws**

- Bye Law 13.5 - Rematerialisation

2.3.4 **Prevention of Money Laundering Act, 2002**

- Rule 6: Retention of Records

## 2.4 Annexures

- Annexure 2.1 - Rematerialisation Register: Format of Register suggested to be maintained by Issuer/RTA.
- Annexure 2.2 - List of documents required to be submitted by various categories of Beneficial Owners for rematerialisation.

## 2.5 Procedure

2.5.1 The Issuer/RTA should ensure that all the relevant documents, as given in Annexure 2.2, required for registering a new holder in the Register of Members, is submitted by the DP along with the Rematerialisation Request Form (RRF).

2.5.2 The Issuer/RTA can access the Remat requests once the DP has set-up the request into the CDSL system.

2.5.3 On receipt of the physical documents such as RRF, the Issuer/RTA electronically confirms receipt of the request.

2.5.4 The Issuer/RTA will record the details in its back-office Register maintained either physically or in electronic form (Annexure 2.1 – Rematerialisation Register).

2.5.5 The Issuer/RTA checks the RRF for the following details with the electronic intimation received. If the same does not tally, the Issuer/RTA may reject the remat request by selecting the appropriate reason code from the system-defined list of rejection codes.

- RRF Number
- RRN
- ISIN
- Name of the Issuer
- BO ID
- Quantity of securities to be rematerialised
- Name and Address of BO
- Whether the BO has opted for a Jumbo Certificate or a marketable lot and the denomination of the certificates in case the BO has opted for a Jumbo lot.

2.5.6 The Issuer/RTA can reject the rematerialisation for any of the system-defined reasons. If the details in the RRF tally with the electronic request, the Issuer/RTA will initiate the process of rematerialisation by confirming the remat request.

2.5.7 On confirmation of the Remat request, the corresponding accepted balance is reduced from that ISIN balance in the BO's Account.

2.5.8 The Issuer/RTA will take the following particulars on record, based on the RRF:

- Name of the Holder(s)
- Father's Name / Husband's Name of the first holder.
- Address
- PAN
- Tax Status
- Age
- Bank Account No.

- Name of the Company
- Quantity of securities rematerialised
- Signature of all the holders mentioned in the RRF.
- Whether the securities are under lock-in.
- If yes, then the period up to which such securities are under lock-in and reasons for such lock-in
- Existing Folio Number, if any
- In case a Power of Attorney (POA) holder operates the BO's account, the true copy of the POA also will be taken on record.
- Other documents, if any

2.5.9 **Allocation of Folio Number**: - The Issuer/RTA may generate a folio number for the BO or give the existing folio number, if the BO is already holding the same type of securities of the same Issuer in the physical form.

2.5.10 In case the BO has an existing folio, the Issuer/RTA shall verify the signature on the RRF with the existing signature as per his records. If both the signatures match, then he will allot existing folio number for the rematerialised securities. In case the signatures do not match, then a fresh folio will have to be created for the securities rematerialised.

2.5.11 The Issuer/RTA shall record the name of the BO as the Registered Owner(s) of the rematerialised securities and debit CDSL in the Register of Members of the Issuer for the rematerialised quantity.

2.5.12 The Issuer/RTA shall print the physical certificates in the name(s) of Registered Owner(s). The new certificate numbers, distinctive numbers and denomination of each certificate will be noted against the folio of the Registered Owner.

2.5.13 The Issuer/RTA shall pay stamp duty on the Rematerialised Certificates as applicable to the issue of duplicate certificates, wherever applicable.

2.5.14 The Issuer/RTA shall send the printed certificates directly to the Registered Owner.

2.5.15 The Issuer/RTA shall complete the above process within a period of 30 days, from the date of receipt of the Remat Request form.

2.5.16 The Issuer/RTA shall reconcile its back-office records with the CDSL records for pending rematerialisation.

2.5.17 The Issuer/RTA while processing the remat request must ensure that the certificates printed on rematerialisation carry the legend "Issued on Rematerialisation".

2.5.18 Where the securities are under lock-in, the Issuer/RTA shall ensure that the lock-in release date is mentioned in the certificates rematerialised.

Where the BO requests for remat of securities, acquired by him directly in demat form, the Issuer/RTA shall ensure that all relevant documents like the Memorandum of Association, Articles of Association, Power of Attorney and any other document are forwarded by the DP.

## 2.6 Reconciliation

2.6.1 The following reconciliation will have to be done on a daily basis by the RTA :

| | |
|---|---|
| **Remat Requests** | Requests received both electronically and physically + Requests received only electronically but not received physically |
| **Remat Pending** | Remat quantity electronically received – Remat quantity accepted - Remat quantity rejected |
| **Paid-up Capital** | Electronic balances with CDSL + Electronic balances with the other Depository + Physical holdings by investors |

## 2.7 Controls

2.7.1 Remat quantity cannot be more than the quantity held by the BO in his account.

2.7.2 The Issuer/RTA must ensure that the process of remat follows the above mentioned procedure and are in conformity with the provisions contained in the Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulation, 1996 and the Bye- Laws of CDSL.

## 2.8 Records

2.8.1 The Issuer/RTA shall maintain all RRF for a minimum period of **$8** years or any such period as specified by SEBI /CDSL/ Prevention of Money Laundering Act 2002, whichever is higher.

2.8.2 The Issuer/RTA shall maintain record of the Folio Numbers, Distinctive Numbers and Certificate Numbers issued by it against any remat request.

2.8.3 Issuer/RTA should preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation, till the investigation is completed.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

# 3 DEMATERIALISATION OF NEW ISSUES

## 3.1 Objectives

3.1.1 To enable investors to obtain direct electronic credit of securities into their BO accounts, in response to a fresh issue of securities by an Issuer.

3.1.2 To allow Issuers to dematerialize all or a part of any issue of securities into CDSL without having to issue the certificates in the physical form as an interim step.

## 3.2 Reference To Law: -

3.2.1 **Depositories Act, 1996**

- Sections 8 - Option to receive security certificates or hold securities with depository.

3.2.2 **The Companies Act 1956**

- Section 113 – Issue of certificate of shares, etc.

3.2.3 **SEBI (Depositories and Participants) Regulation, 1996**

- Regulation 27 - Depository to declare specific securities eligible
- Regulation 28 - Securities eligible for dematerialization
- Regulation 29 – Agreement between depository and issuer
- Regulation 38 - Records to be maintained
- Regulation 53 - Agreement by Issuer

3.2.4 **CDSL Bye Laws**

- Bye - Law 13.2 - Dematerialisation

3.2.5 **Prevention of Money Laundering Act, 2002**

- Rule 6: Retention of records

3.2.6 **Annexures**

- Annexure 3.1 - Format for application by an Issuer for a New ISIN in case of an IPO

## 3.3 Procedure

3.3.1 The Issuer/RTA shall ensure that an ISIN has been allotted to the security.

3.3.2 The Issuer/RTA maintains a check that the Issue Application Forms have been correctly and completely filled up in all respects.

3.3.3 While processing the Issue Application Form, the Issuer/RTA shall ensure that the BO details like BO ID, Name, Address, etc. are correctly captured.

3.3.4 The file that is uploaded by the RTA should be in the exact file format as specified by CDSL in this regard.

3.3.5 Subject to the Issue Application Form being complete in all respects, allotment to all investors, who have opted for allotment of securities in electronic form, should be done except for incorrect BO IDs.

3.3.6 The Issuer shall provide an option to all Investors in the "Issue Application Form" to subscribe to the securities either in physical form or in demat form, unless otherwise specified in the offer document.

3.3.7 Investors, who wish to have the new issue of securities in dematerialised form, will send the Issue Application Form, duly completed, along with the payment to the banks / collection centres appointed by the Issuer, as per the terms of the Issue.

3.3.8 If the Investor opts for allotment of securities in electronic mode, the investor shall fill up the following details in the Application form:

- Name of the Depository
- DP ID
- BO Account Number (Investor's account number with the DP )
- Name(s) of the holder(s)
- Total quantity applied
- Signature(s) of the applicant(s)
- Bank Account details

3.3.9 The Issuer/RTA shall on receipt of the application forms send a file containing the list of account numbers as captured from the Issue Application Forms to CDSL (in the format as prescribed by CDSL) for verification / validation.

3.3.10 The CDSL system checks whether the BO IDs are uploaded to CDSL to verify whether the BOID as entered by the BO is a valid ID and also to verify the status of the BO, i.e. BO is tagged for closure, BO is inactive, etc.

3.3.11 The details to be uploaded by the Issuer/RTA to CDSL for verification of the BOs should be in the following format:-

| Field Name | Size |
|---|---|
| BO ID | X (16) |

The control record of BO Verification file should be in the following format: -

| Field Name | Size |
|---|---|
| Number of records in the main file | 9(10) |

3.3.12 CDSL then verifies these details with its central database, and a BO Verification output file is generated at CDSL at EOD. The format of this file is:-

| Field Name | Size |
|---|---|
| BO ID | X(16) |
| BO Category | X(40) |
| BO Type | X(40) |
| BO A / c Status | X(40) |
| BO Sub Status | X(40) |
| BO Name1 | X(140) |
| BO Name2 | X(140) |
| BO Name3 | X(140) |

3.3.13 This report file is available to the Issuer/RTA specifying the status such as: -

- BO is existing
- BO is non-existent (the BO name will be blank in this case)
- BO account is frozen
- BO account is tagged for closure, etc.

3.3.14 The Issuer/RTA then verifies the names of the BO as appearing on the Issue Application Form against the details downloaded by CDSL.

3.3.15 The Issuer/RTA may correct the errors and then, once again, submit the BO verification file to CDSL for matching. This process will continue till the file becomes error-free. The RTA is permitted to submit the file to CDSL any number of times. If there are still some records that are in error, the Issuer/RTA may proceed to allot the securities to such allottees in physical mode.

3.3.16 The Issuer/RTA then calculates the allotment on the basis of the allotment procedures outside the ambit of CDSL and generates an allotment data file.

3.3.17 In case of partial allotment in respect of any application, the refunds may be effected. The refunds will be handled outside the CDSL system.

3.3.18 The Issuers/RTA electronically uploads this Allotment File to CDSL through the front end showing the account numbers of BOs to whom the electronic credit of the securities have to be made, this file shall contain the following details: -

| Field Name | Size |
|---|---|
| BO ID | X(16) |
| Credit to Current free balance | 9(12).3 |
| Credit to Current lock-in balances | 9(12).3 |
| Lock-in reason code | 9(2) |
| Lock-in reason | X(50) |
| Lock-in expiry date | 9(8) |
| RTA Internal Reference Number | X(16) |

3.3.19 The following will be the structure of control records of the "Allotment File"

| Field Name | Size |
|---|---|
| No. of records in Main file | 9(10) |
| Total current balance credits | 9(12).3 |
| Total lock-in memo Balance credits | 9(12).3 |

3.3.20 The Issuer/RTA is required to give the effective date on which the allotment has to be made on his front end, at the time of submission of the Allotment File. On this date, the Allotment File is processed at CDSL and securities are actually credited into the respective BO Accounts. Uploads during day time are checked for control totals at the time of uploading.

3.3.21 At EOD on the effective date, CDSL will process the Allotment File and check whether the control records matches with the total number of records in the file. The following details from the control record in the Allotment File shall be checked: -

| Field Name |
|---|
| No. of records in main file |
| Total current balance credits |
| Total lock-in memo balance credits |

3.3.22 If any mismatch is found on verification of the control totals, the electronic allotment will

be stopped and the files will be returned to the Issuer/RTA for rectification.

3.3.23 In respect of records where the BO status matches with the status in the file, credit will be given to the respective BO account as per the details specified in the Allotment File. The records that do not match due to some reason e.g. – closure of BO account, etc., the mismatches along with the reasons will be reported to the Issuer/RTA. The Issuer/RTA may issue physical securities in such cases.

3.3.24 All the mismatched cases will not be processed and the same will be reported to the Issuer/RTA. The Issuer/RTA may allot the securities in the physical form.

3.3.25 CDSL will send electronic confirmation to the Issuer/RTA and the DP, that the Allotment has been successfully completed. The report will give the following details to the Issuer/RTA: -

- BO ID
- BO Type
- BO Names
- Credit to free balance
- Credit to Lock-in balance

3.3.26 In respect of all investors who have been successfully given electronic credit, the Issuer/RTA enters the name of CDSL as the registered owner of the securities, in the Register of Members of the Issuer. Physical certificates are not printed for these cases.

3.3.27 The Issuer/RTA shall also inform the Investors of the allotment, payment schedule and allotment money details, refunds, etc., if any, as per the terms of the Issue.

3.3.28 The allotment schedules prepared for listing of the security on the Stock Exchange shall contain details of allotment in both the electronic form as well as in the physical form.

## 3.4 Reconciliation

3.4.1 The Issuer/RTA will reconcile its records as to the Allotment made for the respective BOs with his back office records. This reconciliation shall include:-

- **Total number of applicants in electronic mode** = Total successful allottees (electronic credit + physical credit in respect of mismatch cases) + Applications rejected

## 3.5 Instructions

3.5.1 For all securities eligible to be admitted in CDSL, the Issuer (where the Issuer has an in-house securities transfer department) will first have to enter into a bi-partite agreement

with CDSL (as per the format prescribed in CDSL Bye-Laws). Where the Issuer has appointed a RTA for the transfer work, Issuer will enter into a tri-partite agreement with CDSL (as per the format prescribed in CDSL Bye-Laws).

3.5.2 The Issuer has to ensure that the Securities to be issued are pari passu with the securities already issued (if any). If the Securities are pari passu, then the allotment may be done in the existing ISIN.

3.5.3 If the Securities are non-pari passu, then the Issuer will have to apply to CDSL for allotment of a new ISIN. The format for the application, for a new ISIN, to CDSL is given as Annexure 3.1

## 3.6 Records

3.6.1 All documents are to be retained for a period of **[$]8** years or any such period as specified by SEBI /CDSL/ Prevention of Money Laundering Act 2002, whichever is higher.

3.6.2 Records of application forms

3.6.3 Allotment details

3.6.4 Bank reconciliation statement

3.6.5 Details of securities allotted in electronic mode

3.6.6 Issuer/RTA should preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation, till the investigation is completed.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

# 4 CORPORATE ACTIONS

## 4.1 Objectives

4.1.1 To allow correct and efficient processing of cash and non-cash corporate actions.

4.1.2 The corporate action functionality deals with Capital increases via bonus and rights issues, calls, capital re-organizations through splits, mergers, acquisitions, amalgamations, conversions and cash disbursements, like dividends and interest on debentures.

4.1.3 The basic business processes which are supported by corporate actions are: -

- Corporate actions information provision
- Corporate actions processing
- Corporate actions reporting

## 4.2 Reference To Law

4.2.1 **Depositories Act, 1996**

- **Section 26 (2) (i) -** Power of depositories to make Bye-Laws on procedure to convey information to participants and BOs on dividend declaration, shareholder meetings and other matters of interest to the BOs.
- **Section 26 (2) (j) -** Power of depositories to make Bye-Laws on manner of distribution of dividends, interest and monetary benefits.

4.2.2 **SEBI (Depositories and Participants) Regulations, 1996**

- Regulation 28 - Securities eligible for dematerialization
- Regulation 57 - Information

4.2.3 **Bye-Laws**

- Bye Law 13.10 - Corporate Actions

4.2.4 **Prevention of Money Laundering Act, 2002**

- Rule 6 : Retention of Records

4.2.5 **Annexures**

- Annexure 4.1 - Format of BO holding Download by CDSL to the Issuer/RTA.
- Annexure 4.2 - Format of Allotment file to be uploaded by the Issuer/RTA

## 4.3 Precautions

4.3.1 The Issuer/RTA should ensure that the Benefit ISIN has been admitted into CDSL.

4.3.2 In case the new securities to be issued are non-pari passu with the parent ISIN, then the Issuer has to apply to CDSL for a new ISIN. Once the new ISIN is allotted, it will be added to the ISIN-Master at CDSL. However, the allotment of non-pari passu ISIN, shall be subject to the SEBI circulars dated 18th February 2000 and 29th May 2000, which direct that the shares issued by companies should be pari-passu in all respects so that the same ISIN number could be used for allotment.

4.3.3 There are some exemptions for allotment of the non-pari passu ISIN which shall be in respect of :

- Partly-paid Shares
- Shares issued based on a resolution passed at the General Body meeting held on/or before February 18, 2000
- Shares issued on conversion of debentures/ bonds issued on/or before February 2000.

4.3.4 The Issuer/RTA shall furnish information about the corporate action to CDSL on the same day on which it is required to be furnished to any Stock Exchange where the said security is listed and in all other cases, in case the securities of the Issuer are not listed, the information shall be furnished within 7 days of the Issuer taking a formal decision in that behalf. In any case, the Issuer/RTA must setup the corporate action in CDSL system within such period as may be necessary to ensure that no BO loses any corporate benefits.

4.3.5 The RTA sets up the corporate action at the RTA front end through a corporate action set-up screen, well in advance, before the record date or book closure dates.

4.3.6 A corporate action can be modified by the Issuer/RTA on any of its fields or deleted till holding report is generated. If record date has been given while setting up the corporate action, then modification / deletion can be done till EOD of record date. If Book closure start date and Book Closure end date has been specified while setting up the corporate action, then modification / deletion can be done till EOD of one day prior to Book Closure start date.

- ❑ RTAs should ensure that Corporate Actions are set up correctly under the proper corporate action head/type. In case the RTA sets up the corporate action / IPO under the wrong head, the same is liable to be rejected by CDSL.

- ❑ For Issuers, all correspondence pertaining to corporate actions/IPO should be signed by the Company Secretary / Director / Compliance Officer / person authorised to sign as per the Board Resolution.
- ❑ For RTAs, all correspondence pertaining to corporate actions/IPO should be signed by the Compliance Officer / Authorised Signatory.

4.3.7 The RTA should take proper precautions while setting up the corporate action and should verify the following details: -

- The Parent ISIN and the Benefit ISIN details
- Effective Date i.e. the date on which the corporate action has to be effected in the account of the BOs.
- Ratio, if any.
- If the record date falls on a CDSL specified holiday, then the Issuer / RTA will get the download at EOD of the previous date.

4.3.8 The Issuer/RTA should employ internal checks in his office to verify that the BO details in the corporate action allotment file are valid and correct.

4.3.9 The format of the allotment file for a corporate action should be as specified by CDSL.

4.3.10 The allotment for mismatched items should be made in physical form. Proper controls and checks should be in effect at the RTA office to ensure the same.

4.3.11 All Corporate Action benefits that may accrue in respect of securities that are held in the CM Unified Settlement Account (CM USA) / CM Clearing Member Account shall be availed of by the CM in trust for the benefit of the concerned BO and shall be dealt with in accordance with the Bye Laws and Regulations of the concerned Stock Exchange.

4.3.12 In respect of any fresh allotment of securities, SEBI, vide Press Release ref no. PR 16/2001 dated 17-01-2001 and SEBI Circular no. 35 dated September 29, 2003, has instructed that the Issuer shall submit an In-principle Listing Approval to the Depositories. The depositories will only thereafter enable dematerialisation of such securities.

### 4.4 Procedure

4.4.1 The Issuer/RTA shall setup the corporate action on CDSL system. Issuers/RTAs may set up Auto Corporate Action (ACA) or File Corporate Action on the system. The details to be entered while setting up a corporate action will change with the type of corporate action.

4.4.2 CDSL system allocates a unique 'Sequence Number' to each corporate action set-up. This number shall be used in all further activities for that corporate action.

4.4.3 Details of a corporate action set-up by an Issuer/RTA are available to DP for inquiry

purpose only.

4.4.4 CDSL system will generate a 'Holding Report' on the specified date. This report is available to the Issuer/RTA on next business date. This report contains details of the BOs who have balance for the parent ISIN. Format of this report is as given in Annexure 4.1

4.4.5 Based on this report, for File Corporate Action, the Issuer/RTA shall prepare the allotment file and upload the same to the CDAS system. For Auto Corporate Action, no allotment file is required to be submitted. The Issuer/RTA specifies an effective date, which is typically greater than the business date. During EOD of the effective date, for File Corporate Action, CDAS system does the Debit/ Credits as given in the allotment file. Format of the allotment file is given in Annexure 4.2. For Auto Corporate Action, CDAS system does the debit and credit based on the ratio entered by the Issuer/RTA at the time of setting up the corporate action. After process of allotment file / Auto Corporate Action, CDAS system generates a report for the Issuer/RTA giving details of success / failure of the allotments to the BO accounts.

4.4.6 If the entire Allotment credit file fails on the effective date, due to some mismatch in the length of the field or due to any other reason, the Issuer/RTA, after making the necessary corrections in the allotment file, can submit it to CDAS system for the same Corporate Action by giving a new effective date, which should be a future date than the Business date.

4.4.7 DPs will get a report, if any of their BOs get allotment.

4.4.8 The Issuer/RTA may give allotment in physical form for those cases where electronic allotments have failed.

4.4.9 Any fractional allotment which is settled in cash, is handled outside CDSL.

4.4.10 In respect of securities where CDSL receives a request for debit corporate action on account of redemption on or after the redemption date, the securities which are pledged, shall stand extinguished from the records of CDSL.

The above procedure is generally followed for all types of corporate actions. Details for each type of Corporate Action to be entered by the Issuer/RTA, are given below:

### 4.5 Issue of Bonus shares

4.5.1 The following details of the Bonus are entered by the Issuer/RTA at the front end system: -

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Benefit ISIN / ISINs | |
| Ratio | |
| Record Date | |
| Book Closure From Date | |
| Book Closure To Date | |
| Effective date | |
| Remarks | |

### 4.6 Issue of Rights shares

4.6.1 The Issuer/RTA shall furnish information about the rights issue to CDSL along with a copy of the offer document.

4.6.2 The following details are entered by the RTA: -

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Benefit ISIN / ISINs | |
| Ratio | |
| Call Amount | |
| Record Date | |
| Book Closure From Date | |
| Book Closure To Date | |
| Effective date | |
| Remarks | |

4.6.3 The RTA sends the Rights Application Form to the BOs as per the list forwarded by CDSL and to other registered holders. BOs will fill the form and return the same to the Issuer/RTA.

## 4.7 Payment of Calls

4.7.1 The RTA shall furnish information about the record date / book closure dates for the call, the details of call, namely, the parent ISIN and the new ISIN to CDSL along with a copy of the offer document.

4.7.2 The RTA inputs the following details of the call: -

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Benefit ISIN / ISINs | |
| Price | |
| Record Date | |
| From Date | |
| To Date | |
| Effective date | |
| Remarks | |

4.7.3 After receiving the Holding Report from CDSL, the Issuer/RTA sends Call Notices to all the BOs specifying the Call Amount.

4.7.4 The RTA uploads a file to CDSL. This file contains the list of BOs who have paid the call money. The file format is as given in Annexure 4.2.

4.7.5 On the effective date, the quantity of securities is reduced from the parent ISIN to the extent of calls paid and an equivalent quantity is credited to the Benefit ISIN.

## 4.8 Mergers and Amalgamations

4.8.1 The RTA should ensure that both the ISINs are admitted to CDSL.

4.8.2 The RTA shall furnish information about the record date or the book closure for the corporate action to CDSL on the same day on which the corporate action information is sent to the concerned stock exchanges in which the said security is listed.

4.8.3 The following information is entered by the RTA:

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Benefit ISIN / ISINs | |
| Ratio | |
| Record Date | |
| Book Closure From Date | |
| Book Closure To Date | |
| Effective date | |
| Remarks | |

4.8.4 From the record date, CDSL shall freeze the balances of the parent ISIN across CDSL. No trading will be conducted in the Parent ISIN to be merged. The procedure for freezing of an ISIN will be followed for this purpose.

## 4.9 Non-pari passu to Pari passu

4.9.1 The following fields are to be entered by the Issuer/RTA.

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Benefit ISIN / ISINs | |
| Ratio | |
| Record Date | |
| From Date | |
| To Date | |
| Effective date | |
| Remarks | |

## 4.10 Cash Corporate Actions

The different types of Cash corporate actions are Dividends, Interim dividends and Debenture Interest.

### 4.10.1 **Dividend**

The following details are entered at the RTA front end: -

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Dividend | |
| Record Date | |
| From Date | |
| To Date | |
| Effective date | |
| Remarks | |

4.10.1.1 CDSL downloads the list of BOs of the specified parent ISIN, as per its records, to the RTA at the EOD on the record date.

4.10.1.2 The Issuer/RTA shall distribute the dividend to the BO as per the details downloaded by CDSL on the record date.

4.10.1.3 As per SEBI Circular no. DCC/FITTCIR-3/2001 dated October 15, 2001 and SEBI Circular no. SEBI/MRD/DEP/Cir-3/06 dated February 21, 2006, Issuers/RTAs have to compulsorily make payment of dividend through the ECS facility for the ECS notified centers. In case a BO has an account that is not in one of the notifed ECS centers or where MICR / Bank details are not available, then the procedure of mailing physical warrants could be continued.

### 4.10.2 Interest on Debentures

4.10.2.1 The following details are entered at the RTA front end:

| | |
|---|---|
| Corporate Action Type | |
| Parent ISIN | |
| Interest | |
| Record Date | |
| From Date | |
| To Date | |
| Effective date | |
| Remarks | |

4.10.2.2 The Issuer/RTA shall distribute the interest to the debenture holder, as per the details downloaded by CDSL on the record date.

## 4.11 Reconciliation

| | | |
|---|---|---|
| Total Issued Capital | = | Total allotment in Electronic form<br>+ Total Allotment in Physical Form. |
| Total Allotment in physical form | = | Total requests for physical certificates +<br>Total mismatched items in electronic form. |
| Total credits to CDSL as per Record Date download (e.g. Bonus or Issues resulting in credit to an ISIN in CDSL system) | = | Issues through electronic form<br>+ Issues Physically (based on BO requests) |
| In case of calls, the Total of Parent ISIN + the Benefit ISIN after Corporate Action credit is equal to quantity as per Record Date download. | | |

## 4.12 Records to be maintained

4.12.1 All records are to be maintained for [$]**8** years or any such period as specified by SEBI /CDSL/ Prevention of Money Laundering Act 2002, whichever is higher.

4.12.2 Subscription forms in case of Rights Issue, etc.

4.12.3 Bank reconciliation statements for non-cash corporate actions where subscription money / call money is received.

4.12.4 Allotment details.

4.12.5 Issuer/RTA should preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till the investigation is completed.

## 4.13 Instructions

4.13.1 The Issuer/RTA shall verify if there is any frozen quantity at BO level examine the reasons thereof and take necessary action about distribution of corporate benefits.

4.13.2 The Issuer/RTA shall check bank details, wherever furnished by the BO, and in cases where it is not provided, the warrant shall be mailed to the address of the BO.

4.13.3 In case of Auto Corporate Action, the Issuer/RTA should check the failure report and put a separate Corporate Action (file) for all such failed cases, after obtaining necessary approvals.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

# 5 RECONCILIATION OF ISIN BALANCES

## 5.1 Objectives

5.1.1 To enable the Issuer/RTA to confirm that the ISIN balances as per CDSL tally with its back office records.

5.1.2 The CDAS system shall furnish the Issuer/RTA with ISIN-wise balances including the quantity of securities dematerialized / rematerialised, on a daily basis, to enable the Issuer/RTA to confirm the same to CDSL.

## 5.2 Reference To Law

5.2.1 **Depositories Act, 1996**

- Section 13 : Furnishing of information and records by Depository and Issuer

5.2.2 **SEBI (Depositories and Participants) Regulation, 1996**

- Regulation 30 : Systems and procedures.
- Regulation 55 : Reconciliation.

5.2.3 **CDSL Bye-Laws**

- Bye-Law 12.5 : The Issuer or its RTA shall, on a daily basis, reconcile with CDSL, the records in respect of balances of dematerialized securities with Beneficial Owners and confirm to CDSL, the total security balances both in physical as well as in dematerialized form in its books. *[Provided however that, in case where RBI or the Central or State Government is the Issuer of any security, CDSL shall on a daily basis reconcile the records in respect such securities held in the BO accounts with the statement of balances as may be provided by RBI or the Central or State Government from time to time.]*
- Bye Law 16.1.2 : Every participant shall reconcile its records with CDSL on a daily basis.
- Bye Law 16.1.3 : CDSL shall intimate the Issuers or its RTA all security balances of the Issuer held in dematerialized form with CDSL at the end of the day and the said balances will be reconciled by the Issuer or its RTA, on a daily basis.

5.2.4 **Prevention of Money Laundering Act, 2002**

- **Rule 6 : Retention of records**

5.2.5 **Annexures**

- Annexure 5.1 - Suggested Format of Reconciliation Register

## 5.3 Precautions

5.3.1 The Issuer/RTA must ensure that all Interdepository Transactions have been given effect to, before confirming the ISIN balances to CDSL.

5.3.2 The Issuer/RTA must also ensure that all the requests for Dematerialisation/ Rematerialisation have been duly updated in the Register of Members of the Issuer, before the requests are confirmed to the CDSL system.

5.3.3 The Issuer/RTA has to give the confirmation to CDSL in respect of the ISIN balances within 1 working day of the information being made available to them.

## 5.4 Procedure

5.4.1 CDSL shall, on a daily basis, generate a Reconciliation Report for the Issuer/RTA at the Beginning of Day (BOD).

5.4.2 In the CDSL system a reconciliation module is provided which shall furnish the information of the ISIN balances and the Dematerialisation / Rematerialisation confirmed to CDSL as of last EOD.

5.4.3 It is suggested that the Issuer/RTA maintains a Register, as per the format suggested in Annexure 5.1, for recording the reconciliation figures.

5.4.4 This information shall be available per ISIN serviced by the Issuer/RTA. The Issuer/RTA has to verify the information with the back office records to ensure the following:

- Opening balance is the Confirmed Balance by the Issuer/RTA as of yesterday or last confirmation date.
- The Issuer/RTA must verify whether the Dematerialisation / Rematerialisation confirmed quantity is equal to the total quantity confirmed by the Issuer/RTA as of last EOD.
- Similarly, the Issuer/RTA must verify whether the Interdepository Transfer IN and OUT confirmed quantity is equal to the total quantity confirmed by the Issuer/RTA as of last EOD.
- In case there are any Corporate Action debits / credits before last EOD, the Issuer/

RTA has to verify the same for the quantities debited or credited to that ISIN.

- The Closing Balance for that ISIN should be equal to the Depository Folio maintained in the ROM (Register of Members) of the Issuer.

5.4.5 The Issuer/RTA has to explicitly confirm whether the ISIN balances tally.

5.4.6 If the Issuer/RTA confirms the same as YES, then he agrees to the figures given by CDSL and if he confirms negatively, then he has to enter his own figures individually in the CDSL front-end system for all the items given in the Reconciliation Screen.

5.4.7 In case there is any discrepancy in the balances, the Issuer/RTA must first identify where the difference has occurred and verify the same with the EOD reports for Dematerialisation and Rematerialisation generated at his end on last EOD, to confirm the same.

5.4.8 In case the discrepancy in the balances is due to some error on the part of the Issuer/RTA, the Issuer/RTA should intimate CDSL, in writing, with regard to the reasons for the said discrepancy. CDSL shall depute its auditors / staff members to visit the Issuer or its RTA to verify the same. The Issuer/RTA shall, subsequently, after getting the error audited by CDSL, initiate further action to rectify the same.

5.4.9 In case the discrepancy in the balances is due to some error on the part of CDSL, CDSL shall rectify the error and inform the Issuer/RTA, in writing, specifying the reasons for the error.

## 5.5 Records to be maintained

5.5.1 All records are to be maintained for **$8** years or any such period as specified by SEBI /CDSL whichever is higher.

5.5.2 It is suggested that the Issuer/RTA maintain a Register for recording the reconciliation figures for each ISIN, as per the suggested format, on a daily basis. This format may be maintained manually or electronically on the back-office systems.

5.5.3 In case of any error in the balances due to an error on part of the Issuer/RTA, they must maintain the copies of the documents such as certificates, DRF's, etc., for verification by auditors appointed by CDSL.

5.5.4 Similarly, in case of any error in the balances due to an error on the part of CDSL, the Issuer/RTA must maintain the copies of documents such as letter from CDSL informing them about the error for their own records.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

# 6 COSTS, CHARGES AND DEPOSITS

**6.1** The Issuer/RTA shall, pay to CDSL such costs, charges and deposits as are specified herein, along with taxes as applicable at the prevalent rate. The costs, charges and deposits shall be subject to change or revision from time to time by CDSL. In the event of the Issuer or RTA failing to make payment of the costs, charges or deposits, as the case may be, by the due date mentioned in the bill, in addition to any other rights or remedies that may be available to CDSL against the Issuer or RTA, CDSL may

i. Levy interest on such delayed payment or part thereof at the rate not exceeding 12% per annum.

ii. stop providing details of BOs (BenPos) pertaining to ISIN of such Issuers or in case of RTA stop providing Benpos pertaining to all ISINs of all Issuers connected to such RTA as mentioned in the Bye-Laws and the Operating Instructions, in case the Issuer/RTA continues to make default in payment of the costs, charges or deposits and interest levied there on.

iii. Not permit the issuer to use its infrastructure including for issue of further securities in electronic form.

**6.2 Cost of Connectivity (Lease line) & Cancellation Charges:**

| | |
|---|---|
| A. Recurring Service provider charges for leased line of following types (Applicable for leased lines commissioned through CDSL) | |
| i) Annual rental of 2 Mbps MPLS leased line<br>ii) Annual rental of 2 Mbps local leased line<br>iii) Annual rental of 2 Mbps local leased line within 5 Km from BSE, Mumbai | i) 81,000/- p.a. plus One time installation cost of Rs. 10,000/-<br>ii) 63,000/- p.a. plus One time installation cost of Rs. 10,000/-<br>iii) 55,000/- p.a. plus One time installation cost of Rs. 10,000/- |
| iv) CDSL annual leased line maintenance charge | iv) 15,000/- p.a. |
| B. Leased line exit charges (Applicable for leased lines commissioned through CDSL) | |
| i) Local leased line exit charges | i) 5,000/- |
| ii) MPLS leased line exit charges | ii) 15,000/- |

**## Note:**

1. Charges will be pro-rated monthly from the month in which the RTA is admitted till the end of the financial year. For the subsequent financial year, the same is payable at the beginning of the financial year.
2. Connectivity charges payable to service provider / BSE Limited will be charged on actual basis.
3. Connectivity charges which are payable to the service provider / BSE Limited will be intimated by CDSL from time to time.

**6.3 Annual charges to be paid by Listed Issuers to CDSL:**

Reference SEBI Circular no. CIR/MRD/DP/18/2015 dated December 9, 2015, Issuers to pay @ Rs. **11.00** (*) per folio (ISIN position) to CDSL, subject to a minimum as mentioned below:

| Nominal value of admitted securities (`) | Annual Custodial Charges payable by an Issuer to CDSL (`) (*) |
|---|---|
| Upto 5 crore | 9,000 |
| Above 5 crore and upto 10 crore | 22,500 |
| Above 10 crore and upto 20 crore | 45,000 |
| Above 20 crore | 75,000 |

The Issuers would be required to pay custody charges to CDSL with whom Issuers have established connectivity based on the average number of folios (ISIN positions) during the previous financial year or the minimum amount, as the case may be. The average number of folios (ISIN positions) for an Issuer shall be arrived at by dividing the total number of folios for the entire financial year by the total number of working days in the said financial year. However, temporary ISIN shall not be considered for the purpose of computing the annual charges. The payment of annual custodial charges shall be made, by 30th April of each financial year or within 30 days from the date of the bill, failing which, CDSL will charge penal interest subject to a maximum of 12% p.a. If an Issuer requires a breakup of number of folios day-wise or the detailed working used to arrive at the average number of folios, the request shall be made by way of form [see Annexure - 6.1]. CDSL will provide the data on payment of `1,000/- .

**Annual charges to be paid by Unlisted companies:**

**Reference Ministry of Corporate Affairs (MCA) notification dated 10th September, 2018, Issuers to pay @ Rs. 11.00 (*) per folio (ISIN position) to CDSL, subject to a minimum as mentioned below:**

| Nominal value of admitted securities (`) | Annual Custodial Charges payable by an Issuer to CDSL (`) (*) |
|---|---|
| Upto 2.5 crore | 5,000 |
| Above 2.5 crore and upto 5 crore | 9,000 |
| Above 5 crore and upto 10 crore | 22,500 |
| Above 10 crore and upto 20 crore | 45,000 |
| Above 20 crore | 75,000 |

**Security Deposit:**

The unlisted companies to maintain security deposit of not less than two years of annual charges.

### 6.4 Extinguishment of securities as a consequence of buy back

A flat charge of `1000/- shall be levied for each request of extinguishment of securities.

### 6.5 Admission of certificates of deposit (CDs), issued in electronic form

A charge of `1,000 shall be levied for each allotment. In the alternative, Issuers of CDs will have an option to pay a lumpsum charge of `25,000/- towards allotment of all such issues for the financial year (April – March).

### 6.6 Admission of Commercial Papers (CPs), issued in electronic form

An annual charge of `10,000/- shall be levied for allotment of CPs for the financial year (April – March).

### 6.7 PSU dis-investments and offers-for-sale transactions

A charge @ 0.01% subject to a minimum of `5/- and maximum of `12/- per debit transaction or `500/- whichever is higher.

### 6.8 Corporate Action

- A charge @ `10/- per credit and/or a charge of `10/- per debit to/from a BO account subject to a minimum of `1000/- per file. However, in case of split or consolidation or capital reduction only one side will be charged.
- Debits / Credits attempted to invalid BOIDs will attract charge.
- Additional fee up to `20,000/- will be levied for customized CA processing request.

### 6.9 IPO / FPO / NFO electronic transaction update

- A charge @ `10/- per credit to allotee BO account subject to a minimum of `1000/- per instance.
- Credits attempted to invalid BOIDs will attract charge
- Additional fee up to `20,000/- will be levied for customized IPO/NFO processing request.

### 6.10 Verification of BOIDs (CA / IPO / FPO / NFO)

- Re. 2/- per record, subject to a minimum charges per issue as mentioned below **.**

| Sr. No. | Issue Size [ In `] | Amount [`] |
|---|---|---|
| 1 | Upto 10 crore | 10,000/- |
| 2 | Above 10 crore and upto 100 crore | 25,000/- |
| 3 | Above 100 crore and upto 1000 crore | 50,000/- |
| 4 | Above 1000 crore | 100,000/- |

- Verification on invalid BOIDs will attract charge per issue.

### 6.11 Rectification of erroneous file(s) for processing of Corporate Action / IPO

A fee of `10/- per record, subject to a minimum of `1,000/- (per file).

### 6.12 Admission of Pass through certificates (PTCs)

A charge of `5,000/- shall be levied for processing all issues of PTCs under an ISIN.

### 6.13 Charges for reactivating of ISINs of securities of private limited and unlisted companies

A charge of 0.01% of the transaction value or face value or book value of the shares, whichever is higher, subject to a minimum of `10,000/- on private limited companies where the ISIN is frozen or unfrozen at CDSL, and on unlisted companies where such request is received from the company.

Transactions for this purpose would mean requests for transfer of shares and effecting debit / credit through a corporate action.

**6.14 Charges for reprocessing the Application (for Issuers) :**

For re-submission of returned applications, CDSL shall levy a re-processing charge of `1,000/-.

**6.15 Charges for Change of RTA :**

For effecting change of electronic RTA of any company, CDSL shall levy charges as follows:

| Sr. No. | Issued Capital [*] [In `] | Amount [`] |
|---|---|---|
| 1 | Upto 5 crore | 10,000/- |
| 2 | Above 5 crore and upto 10 crore | 15,000/- |
| 3 | Above 10 crore and upto 20 crore | 20,000/- |
| 4 | Above 20 crore | 25,000/- |

* - The issued capital of fully paid up shares and partly paid up shares and/or capital of debt instruments of the Issuers serviced by the RTA

For re-submission of returned applications, CSDL shall levy a re-processing charge of `1,000/-.

**6.16 Processing Fees for Issuers**

A non-refundable processing fee of `20,000/- shall be payable by Issuers for admission of listed securities.

A non-refundable processing fee of Rs. 15,000 shall be payable by Issuer for admission of unlisted securities. A non-refundable processing fee of `15,000 shall be payable by Issuers for the removal of unlisted securities.

**6.17 Admission of new Issuer/RTA (for RTA activity)**

An intending Issuer / RTA shall be levied a one time interest free refundable deposit of `1,50,000/-.

**6.18 Software Maintenance Charge**

An Issuer / RTA shall be levied `50,000/- per annum as software maintenance charge. The fees would be pro-rated on a monthly basis for the first financial year.

**6.19 Charges for retrieval of old data**

For retrieval of past data / reports as per the user requirement, the Issuer/RTA will be charged `5,000/- per request. If the data is required in a particular format, the

Issuer/RTA will be charged `5,000/- plus cost incurred by CDSL for software development required for computation of such data.

**6.20 Document Processing Fees for Admission of New Issuer/RTA (for RTA activity)**

A one-time document processing fee of `20,000/- shall be levied.

**6.21 Charges for re-processing the Application for New Issuer/RTA (for RTA activity):**

For re-submission of returned applications, CDSL shall levy a re-processing fee of `20,000/- to RTAs.

**6.22 Charges for BenPos generation**

BenPos, in the normal course, is generated / distributed to all the Issuers/RTAs once a week (Friday) and as on end of the month or on set up, due to Corporate Action by company / statutory requirements. If BenPos is requested on any other date/day other than the dates when it is generated in the normal course, a fee of `7,500 per request per day up to 10,000 records and `15,000/- for records above 10,000 is levied on the Issuer/RTA.

**6.23 Admission of additional equity shares of listed / proposed to be listed companies / units issued in NFO/Change in constitution of capital of the company including reduction of capital of the company, split, consolidation of shares etc.**

- For processing documents submitted for admission of fresh capital/change in the constitution of the capital of the company including reduction of capital of the company, split, consolidation etc. for listed equity shares, CDSL shall levy a processing fee of `20,000/-
- The fee is payable only once for a ESOS / ESOP / ASOP / Call Payments Issue (tranche), buy-back of shares and conversion of FCCBs / GDRs / ADRs.

**6.24 BO ID Verification charges for ASBA Banks, syndicate members, etc.**

For verifying BO ID, a charge of Re.1/- per record shall be levied.

**6.25 Non- Extinguishment of securities**

- A non extinguishment fee of ` 100 per ISIN per day shall be charged to the Issuer in case the debt securities are not extinguished by the Issuer by the end of the month following the month in which the redemption was due unless the Issuer has

decided to restructure or defer the redemption of securities and informed CDSL accordingly.

### 6.26 Annual Issuer Fees with respect to increase in capital during a financial year through Corporate Actions etc.

Annual Issuer Fees for the differential amount due to resultant increase in capital in a financial year as per the existing tariff structure approved by SEBI vide its Circular no. CIR/MRD/DP/18/2015 dated December 9, 2015

### 6.27 $Charges for e-Voting - sending of emails and SMS

**Reference SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, Issuers to pay email and sms charges as mentioned below:**

1. **Details of the charges levied for each eVoting event.**

| Slab | Paid up Capital | Setup Fees (Rs.) |
|---|---|---|
| 1 | Up to Rs.5 Crore | Rs.1,000/- |
| 2 | Above Rs.5 crore to Rs.10 Crore | Rs.2,500/- |
| 3 | Above Rs.10 crores | Rs.5,000/- |

2. **Rs.0.45 (45 paise) for sending one set of SMS to the shareholders holding shares as on the identified date.**

   **Note**

   a. **No charges for sending of emails to all the eligible investors having email IDs registered in the depository system.**
   b. **Charges are only for sending of SMS to all the eligible investors having mobile numbers registered for SMS alerts in the demat account.**
   c. **In case of request from the Issuer / RTA to repeat SMS for the demat account holders holding securities, aforementioned fees on SMS would be levied. However, the setup fees would not be levied for the said e-Voting instance.**

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/166** dated December 08, 2021

# 7 PENALTIES FOR VIOLATIONS, IRREGULARITIES, NON-COMPLIANCES OR DELAY IN COMPLIANCES

## 7.1 Objective

The objective of imposing penalty on the Issuer/RTA is to impress upon every Issuer/RTA the importance of observing compliance of various regulatory requirements and to discourage them from non-compliance or violation of these requirements.

## 7.2 Features

The depository may impose penalty on the Issuer/RTA as mentioned in the Schedule of penalties provided as Annexure 7.1.

## 7.3 Reference to Law

7.3.1 Depositories Act, 1996

7.3.2 SEBI (Depository and Participant) Regulations, 1996

7.3.3 CDSL Bye Laws

7.3.4 Operating Instructions for Issuers/RTA

7.3.5 Circulars/Guidelines issued by SEBI from time to time

7.3.6 Communiqué issued by CDSL from time to time

7.3.7 **Prevention of Money Laundering Act, 2002**

- Rule 6: Retention of Records

## 7.4 Annexures

- Annexure 7.1 - Schedule of Penalties to Issuers/RTAs

## 7.5 Penalties

**Apart from direct monetary penalty, t**he penalty points are **also** converted into monetary penalty after reaching the threshold limit - mentioned hereunder.

## 7.6 Scale of Penalty

7.6.1 The scale of penalty to be levied for non-compliance, irregularity, violation or delay in compliance is furnished in Annexure 7.1 for Issuers/RTAs.

7.6.2 The list of non-compliances is subject to such modification as may be deemed fit by CDSL from time to time and the same shall be effective on its notification to the Issuers/RTAs through communiqué.

## 7.7 Procedure for Imposition of Penalty on Issuers/RTAs

7.7.1 In case any violation, irregularity, non-compliance or delay in compliance is noticed, the concerned functional department will inform the A I & C about its findings.

7.7.2 All instances of complaints / cases involving or allegation of frauds will be reported to SEBI.

## 7.8 Non-compliances where penalty is levied

7.8.1 The A I & C Department will **impose penalty, if certain non-compliane are observed during inspection as per Annexure 7.1**

7.8.2 **The A I & C Department will** issue a letter to the Issuer/RTA intimating him of the nature of non-compliance and instructing him to rectify the same and submit his compliance report within 30 days of receipt of notice.

7.8.3 If penalty **is** imposed but the RTA does not confirm rectification of the non-compliance within 30 days of imposition of penalty, the matter will be reported to its client companies and SEBI, for necessary action. In case of such non-confirmation by the Issuer the matter will be reported to SEBI for necessary action.

## 7.9 Verification of Compliance

The compliance reported by the Issuer/RTA will be verified during the subsequent inspection. In case the compliance reported by the **RTA** is found to be false, materially incorrect or misleading, the matter will be reported to its client companies and SEBI, for necessary action. In case the compliance reported by the **Issuer** is found to be false, materially incorrect or misleading, the matter will be reported to SEBI for necessary action.

## 7.10 Penalties for non-compliances not covered in the Annexure

The MD or ED will have the authority to introduce penalty points / monetary penalty for such types of the non-compliances, which are not covered in Annexure 7.1.

## 7.11 General guidelines for imposition of penalty on Issuers/RTAs

7.11.1 CDSL may impose the penalty on the Issuer/RTA to the extent indicated for non-compliances as described in Annexure 7.1.

7.11.2 One penalty point will be equivalent to ₹100/-.

7.11.3 The penalty points will be accumulated for a period of 3 years. At the beginning of the 4th year, the points accumulated in the 1st year will be dropped and the points levied in the 2nd and 3rd year will be considered as the opening balance and so on for the subsequent years.

7.11.4 If an Issuer/RTA accumulates over 25 penalty points at any point of time, all the penalty points so accumulated will be converted into monetary penalty @ ₹100/- per point and the penalty amount will be billed to the Issuer/RTA in the respective month.

7.11.5 **I**f any Issuer/RTA does not pay monetary penalty within 30 days from the due date, the matter will be reported to its client companies (in case of RTA) and SEBI, for necessary action. If such payment is not done by any Issuer, the matter will be reported to SEBI for necessary action.

7.11.6 If after levy of such monetary penalty, the cumulative monetary penalty for the RTA exceeds ₹50,000/- **during a financial year,** then the matter will be reported to its client companies and SEBI, for necessary action. If such cumulative monetary penalty exceeds ₹50,000 for an Issuer, the matter will be reported to SEBI for necessary action.

7.11.7 If deviations are observed under the same head in consecutive inspection, the penalty points/monetary penalty amount as indicated in Annexure-7.1 will be doubled.

7.11.8 The actual cost of travel & stay, etc. of CDSL officials and / or other person/s on behalf of CDSL, if any, with respect to the ascertainment or waiver of penalty or for rectification of the non-compliances will be recovered from the Issuer/RTA.

## 7.12 Manner of service of notice / communication

Any notice or communication required to be given by CDSL, Issuer and RTA interse under Bye Laws / Operating Instruction of CDSL and Agreement amongst them.

Notice/Communication shall be given by Hand Delivery against receipt, registered post or courier that provides a record of the communication thereof for following matters:-

a. Show cause notice to RTA for non-payment of dues/ violation of terms of agreement etc.

b. Notice of termination of agreement.

c. Notice of assignment of business.

Notice /Communication relating to matters other than those mentioned above may be given by Hand Delivery against receipt, or any other means of communication including but not limited to post, courier, facsimile transmission, telex, telegram, electronic mail etc, that provides a record of communication thereof.

# 8 MISCELLANEOUS MATTERS

## 8.1 Objective

To make available to Issuers/RTAs important information disseminated through CDSL's communiqué (circulars) from time to time, which is outside the scope of the listed chapters.

## 8.2 Requirement of Trained Personnel at RTA

In order to empower RTA staff to have full knowledge of the depository system with a view to serve their clients better, the RTA should mandatorily maintain adequately trained staff with atleast one person who has attended two day training programme conducted by CDSL and who holds certificate to that effect.

# 9 MUTUAL FUND UNITS

## 9.1 Objectives

9.1.1 Destatementization [Destat] is the process, which enables BOs to convert their Mutual Fund units represented by Statement of Account (SoA) in physical form to electronic form and hold the same in their demat accounts with CDSL.

## 9.2 Annexures

- Annexure 9.1 : Destatementization Register
- Annexure 9.2 : Format of letter for rejection of pending Destat request

## 9.3 Procedure

9.3.1 AMC / RTAs are advised to devise appropriate controls over the processing activities to ensure that only MF units represented by SoA, which were genuinely issued by the AMC, are considered for Destatmentization.

9.3.2 AMC / RTA can access the data after the Destat request is set-up by the DP. Each Destat request is identified by unique Destat Request Number (DRN). AMC / RTA on receipt of SoA and Destat Request Form (DRF) shall capture the date of receipt of the same and against the DRN in the CDAS system, verify the documents with the DRN setup in the system and shall confirm the same if in order.

9.3.3 Transposition-cum-Destatementization is not allowed.

9.3.4 In cases where Destat request setup is for the entire quantity (option "ALL") AMC / RTA shall confirm/ reject the entire balance (which is available at the time of confirmation) / partial balance in the respective folio with them.

9.3.5 In cases where Destat request setup is for a specific quantity (entire or partial) AMC / RTA shall confirm the maximum balance up to the set up quantity / partial balance with respect to setup quantity in the respective folio with them or reject the balance upto the setup quantity/ partial balance with respect to setup quantity in the respective folio with them.

9.3.6 In case of mismatch of the quantity for units represented by the SoA and the electronic records of AMC / RTA, the AMC / RTA shall credit the Bo account with such number of units as are requested by the BO and available in the records of AMC / RTA. Balance units, if any, are to be rejected by the AMC / RTA.

9.3.7 For other types of mismatches, AMC / RTA may reject the DRN. AMC / RTA can accept part quantity of units and reject the remaining quantity. However, AMC / RTA cannot defer part confirmation/ rejection to a future date.

9.3.8 MF-DRF and SoA shall be returned to the DP under a Rejection Memo, specifying the reason for rejection within 7 days of rejection of request.

9.3.9 AMC / RTA shall complete processing of the conversion request within 15 days of receiving the physical documents or as specified by CDSL from time to time.

9.3.10 If SoA is lost in transit or misplaced, AMC/RTA may reject the MF-DRF and intimate the DPs. In such case DPs will be required to setup new MF-DRF based on a fresh / copy of SoA submitted by the BO.

9.3.11 **Destatementization request in electronic mode:-**

The AMC /RTAs may process destat request received electronically received through CDAS without receipt of MF- DRF and SOA as per following procedure.

i. AMC / RTAs shall receive confirmation from the DP regarding setting up of the Destat request without physical DRF & SOA. Either through DP's their registered email id or through a letter from the DP.

ii. AMC / RTAs are advised to ensure that the electronic Destat request received from the DP is identified by unique Destat Request Number (DRN).

iii. AMC / RTAs shall enter the date of receipt of MF- DRF as the date on which the RTA received the confirmation from the DP against the DRN in the CDAS system.

iv. AMC/RTAs are required to verify that the request is received from individual sole holder and the name and signature of the BO, is in the depository records is tallying with the records available with him.

v. AMC/RTAs shall follow rest of the procedures as laid down for the acceptance of the physical destat request.

## 9.4 Restatementization of Mutual Fund Units

### 9.4.1 **Objectives**

9.4.1.1 Restatementization [Restat] is the process, which enables BOs to convert their Mutual Fund units in electronic form in their demat account into physical form i.e. Statement of Account (SoA).

9.4.1.2 In the case of Repurchase / Redemption the Restat module is used to expunge (remove) the MF units and payment is made to the BOs by AMC / RTA in lieu of MF units expunged.

### 9.4.2 **Procedure**

9.4.2.1 DPs set up Restat request in the CDSL system based on the Mutual Fund Restatementization Request Form (MF-RRF) submitted by the BO.

9.4.2.2 The AMC / RTA can access the Restat requests once the DP has set-up the request into the CDSL system. The related report is RTS4, RT50 and RT82.

9.4.2.3 AMC / RTA can access the data after the Restat request is set-up by the DP. Each Restat request is identified by unique Restatementization Request Number (RRN). AMC /RTA shall verify the RRN electronic requests with the data maintained with them and shall confirm the same if in order.

9.4.2.4 If the electronic requests does not match / tally with the data records maintained with AMC / RTA, or, for any other types of mismatches, AMC / RTA may reject the Restat request by entering appropriate remark. AMC / RTA shall electronically intimate the rejection of MF-RRF and send the rejection letter to DP within 7 days.

9.4.2.5 AMC / RTA shall complete processing of the Restat request within 21 days from the date of set-up.

9.4.2.6 If the details of the electronic request tally with the records with them, the AMC / RTA shall initiate the process of Restementization by confirming the Restat request.

9.4.2.7 On confirmation of the Restat request, the corresponding accepted balance in the BO's account is reduced from that ISIN balance in the BO's Account.

9.4.2.8 The AMC / RTA shall send the SoA in physical or electronic form directly to the Registered Owner.

9.4.2.9 The AMC / RTA shall reconcile its back-office records with the CDSL records for pending Restat.

9.4.2.10 Where the MF Units are under lock-in, the AMC / RTA shall ensure that the lock-in release date is mentioned in the Statement of Account:

i. In cases where Restat request is set up with the quantity as 'ALL' to Restat the entire holdings in BO's demat account, AMC / RTA shall confirm / reject the entire balance [which is available at the time of confirmation] / partial balance in the respective folio with them to the extent of Maximum Allowable Quantity for that ISIN.

ii. In cases where Restat request is set up for a specific quantity (entire or partial) AMC / RTA shall:

- confirm upto the setup quantity / quantity in excess of setup quantity (to the extent of maximum allowable quantity) subject to the balance available in the demat account;
- reject the balance upto the setup quantity / partial balance with respect to setup quantity in the respective folio with them.

## 9.5 Repurchase / Redemption

9.5.1 In cases where Repurchase/Redemption request is set up with the quantity as 'ALL' to Repurchase / Redeem the entire holdings in BO's demat account, AMC / RTA shall confirm / reject the entire balance [which is available at the time of confirmation].

9.5.2 In cases where Repurchase/Redemption request is set up for a specific quantity (entire or partial) AMC / RTA shall:

- confirm upto the setup quantity in excess of setup quantity (to the extent of maximum allowable quantity for that ISIN) subject to the balance available in the demat account;
- reject the balance upto the setup quantity / partial balance with respect to setup quantity in the respective folio with them.

9.5.3 In cases where Repurchase / Redemption Request is set up by mentioning the 'Amount" instead of the MF units, RTA may confirm/reject the same by putting Quantity based on the NAV. In the case of Repurchase / Redemption confirmation, the payment is issued to the BO by the AMC/RTA in lieu of MF units held in electronic form.

## 9.6 Records to be maintained.

All records are to be maintained for [$]**8** years or any such period as specified by SEBI /CDSL whichever is higher.

**$**Refer Communique no. **CDSL/OPS/RTA/POLCY/2021/134** dated October 11, 2021

**Central Depository Services (India) Limited**

***Convenient ⌖ Dependable ⌖ Secure***

# ANNEXURES

# DECEMBER 2021

**CDSL : *your depository***

**1.1 DEMATERIALISATION REGISTER**

**1.2 INDEMNITY FOR LOSS OF SHARES IN TRANSIT**

**1.3 FORMAT LETTER FOR WITHDRAWAL OF PENDING DEMAT REQUEST**

**2.1 REMATERIALISATION REGISTER**

**2.2 DOCUMENTS TO BE SUBMITTED BY BOs FOR REMATERIALISATION**

**3.1 FORMAT FOR ISSUER'S APPLICATION FOR A NEW ISIN FOR IPO**

**4.1 FORMAT OF BO HOLDING DOWNLOADED TO ISSUER/RTA**

**4.2 FORMAT OF ALLOTMENT FILE FOR CORPORATE ACTION**

**5.1 SUGGESTED FORMAT OF RECONCILIATION REGISTER**

**6.1 FORMAT OF LETTER FROM ISSUER / RTA TO CDSL**

**7.1 PENALTY STRUCTURE FOR RTAs**

**9.1 DESTATEMENTIZATION REGISTER**

**9.2 FORMAT OF LETTER FOR REJECTION OF PENDING DESTAT REQUEST**

## REGISTER OF CERTIFICATES DEMATERIALISED

| ISIN: | Name of the Company: | | | As on date: |
|---|---|---|---|---|

| Sr. No. | Date of Receipt | | Demat Request Number (DRN) | DP ID and Name | Name of the Beneficial Owner and BO ID | Requested Quantity | No. of Certificates | Accepted Quantity | Rejected Quantity | Rejected number of Certificates | Rejection Reasons | Date of Confirmation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Electronic | Physical | | | | | | | | | | |
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**On Rs.200/- Stamp Paper**

# DEED OF INDEMNITY

The DEED OF INDEMNITY is made at _____ this _____ day of _____ between _____, registered as a Depository Participant with the Central Depository Services (India) Limited (CDSL) (hereinafter referred to as "the Depository Participant") and its successors of the **ONE PART** and _____ (name of the institution) hereinafter referred to as **"the Issuer"** *(which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors)* of the **OTHER PART**.

WHEREAS

1. The BO _____ (holding account no. _____) has lodged _____ securities of the Issuer vide folio no._____ bearing distinctive no. _____ to _____ vide certificate no. _____ for dematerialisation on _____.

2. The DP has generated DRN _____ in respect of the abovementioned securities submitted by the BO.

3. **The Depository Participant** has forwarded the same to **the Issuer** along with the duly cancelled certificates on _____ vide courier/Registered Post/Speed Post bearing courier consignment no./Registered A D no./ Speed Post Receipt no. _____ .

4. **The Issuer** has stated that he is not in receipt of the said Certificates/documents in lieu of certificates/documents conveying ownership of securities till date.

5. **The Issuer** has rejected the demat request on _____ as the said certificates has/have not been received till date and it is construed that the documents has/have been lost in transit.

6. The DP, hereby, declares that the said certificates received from the BO was/were duly cancelled and forwarded to you for dematerialisation and undertake that in case the DP comes across the original certificates they shall surrender the same to the Issuer.

7. The DP has now raised a fresh demat request for the said certificates, which were lost in transit, vide DRN _____ dated _____ which were forwarded to the Issuer vide courier/Registered Post/Speed Post bearing courier consignment no./Registered Post/Speed Post Receipt no. _____ as per the guidelines provided by Securities and Exchange Board of India mentioned against serial no.4 vide its Circular no.SMRDP/Policy/Cir-28/99 dated 23.08.1999.

NOW THIS DEED WITNESSETH in consideration of the Issuer having agreed to dematerialize the said securities on the strength of the representation hereinabove made by the Depository Participant, the Depository Participant agrees to indemnify and keep indemnified the Issuer against claims and demands that may be made of or against the Issuer for all losses or damages and all action, suit, litigations or proceedings (including all costs, charges, expenses relating thereto) that the Issuer may incur or suffer on account of any person in whose hands the said securities may have fallen (including any subsequent transferee or transferees from such person whether for valuable consideration or not) acquiring any right and/or any interest and/or any benefit and/or equivalent number of securities whether on transfer or dematerialisation or rematerialisation or otherwise howsoever.

IN WITHNESS WHERE the Depository Participant has put his hands and seal the day, month and year first hereinabove mentioned.

SIGNED AND DELIVERED by ) _____

The within named Depository Participant ) _____

In the presence of _____) _____

Date :

To,

**Company Name and Address**

Dear Sir / Madam,

**Sub : <u>Rejection of pending request and account closure</u>**

I / We have submitted the certificates of your company _____ having ISIN _____ for dematerialisation through Depository Participant _____(name) having DP ID _____. Details of my/ our demat request(s) are given below –

| Demat Request Form no. (DRF no.) | Demat Request Number (DRN) | Date of setup of DRN | Certificate no(s). | | Distinctive no(s). | | Quantity |
|---|---|---|---|---|---|---|---|
| | | | From | To | From | To | |
| | | | | | | | |
| | | | | | | | |

The aforesaid demat request(s) is / are pending for disposal for a long time. As I / we wish to close my / our BO account no. _____ and hold the above mentioned securities in physical form, I / We request you to reject the pending demat request and send physical certificates directly to me / us with intimation to my / our DP.

Yours faithfully,

Name and Signature of 1st holder: _____

Name and Signature of 2nd holder: _____

Name and Signature of 3rd holder: _____

**Encl : Letter giving details of the demat request, duly signed and stamped by DP.**

**cc : 1. DP name and address**

Electronic connectivity RTA name and address

# REGISTER OF CERTIFICATES REMATERIALISED

| **ISIN:-** | | | **Name of the Company:** | | | | | | | | | **As on date:-** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | Date of Receipt | | Remat Request Number (RRN) | DP ID and Name | Name of the Beneficial Owner and BO ID | Requested Quantity | Lot Type Jumbo / Marketable | Accepted Quantity | Rejected Quantity | Rejection Reasons | Date of Confirmation | Date of Actual transfer effected in the ROM. | Date of Despatch of Certificates |
| | Electronic | Physical | | | | | | | | | | | |
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# DOCUMENTS / INFORMATION TO BE SUBMITTED BY VARIOUS CATEGORIES OF BENEFICIAL OWNERS FOR REMATERIALISATION

| Sr. No. | Buyer | Information / Documents to be submitted |
|---|---|---|
| 1 | Individual | 1. Father / Husband Name<br>2. Occupation<br>3. POA Details |
| 2 | Domestic Companies | 1. Memorandum and Articles of Association.<br>2. Board approval for purchase and sale of securities.<br>3. Board approval to the authorised signatories.<br>4. Specimen signatures of all authorised signatories. |
| 3 | NRI with repatriation benefits | 1. Bank Mandate.<br>2. POA Details |
| 4 | NRI without repatriation benefits | 1. Letter of undertaking not to remit money abroad.<br>2. Bank mandate, if address given is a foreign address.<br>3. POA Details |
| 5 | Mutual Funds (in the name of the custodian in case of purchase of shares / securities) | 1. SEBI approval<br>2. Declaration of Beneficial Holdings. |
| 6 | Societies | 1. Registration certificate of the Society.<br>2. Bye Law or Regulations of the Society.<br>3. Committee approval for purchase and sale of securities.<br>4. Committee approval of authorised signatory (ies) power. |
| 7 | FII | 1. SEBI approval, validity period<br>2. RBI approval.<br>3. Power of attorney from FII to Global Custodian.<br>4. POA from Global Custodian to Indian Custodian.<br>5. Specimen signature of authorised signatory (ies) of the Indian Custodian. |
| 8 | Minor | 1. Guardian Name<br>2. Guardian's relationship to the minor – proof.<br>3. Birth Certificate of the minor. |
| 9 | Foreign National / Foreign Company | 1. RBI approval for acquiring shares / securities.<br>2. Bank Mandate.<br>3. POA Details. |
| 10 | Trust | 1. Copy of trust deed.<br>2. Approval of Trustees to invest for purchase and sale of securities.<br>3. Certificate of recognition by the Commissioner of Charity to avail tax exemptions.<br>4. Specimen Signatures of Trustees.<br>5. Bank Mandate. |
| 11 | Provident Fund / Super annuation Fund / Gratuity Fund. | 1. Specimen Signature of Authorised Signatories.<br>2. Certificate of recognition by the Commissioner of Income Tax. |

Date: _____

To,
**Central Depository Services (India) Limited**
**16th Floor, P.J. Towers**
**Dalal Street**
**Fort**
**Mumbai - 400 001**

Dear Sirs,

**Sub: Application for allotment of a new ISIN**

This is to inform you that the Company has decided to make a fresh issue of securities.

The type of security is _____. The total quantity of securities to be issued will be _____.

The details are given as per the Master Creation Form enclosed herewith. You are requested to allot a fresh ISIN to the issue of the above securities. This will enable us to allot the Securities to the BO's in electronic form.

If you require any further information, please let us know.

Thanking you,

**For XYZ & Co.,**

**Authorised Signatory**

Encl: Master Creation Form

## 1. 6666This will be common to the entire report: -

| Field Name |
|---|
| CDS ID |
| CDS Name |
| ISIN |
| Time of report generation |
| Date of Report |
| Report ID |
| RTA ID |
| RTA Name |
| Security Name |
| Security Type |

## 2. The following information will be given for each BO

| Field Name |
|---|
| BO Name |
| BO ID |
| BO A / C Status |
| DP ID |
| DP A / C Status |
| BO Address1 |
| BO Address2 |
| BO Address3 |
| City |
| State |
| Country |
| Zip |
| Current Quantity |
| Frozen Quantity |
| Lock-In Quantity |
| Pledged Quantity |
| Pending Demat Verification Quantity |
| Pending Demat Confirmation Quantity |
| Pending Remat Confirmation Quantity |
| Dividend / Beneficiary Bank Account No. |
| Dividend / Beneficiary Bank Code |
| Dividend / Beneficiary Branch No. |
| Dividend / Beneficiary Bank Currency |

**File Format for Corporate Action**

**File Name**: <CA-Seq-Numb>.<3 digit serial Number>.ipf

**Control Records**:

| Field | I/P type | Data Type | Remarks |
|---|---|---|---|
| Record Type | M | Number(2) | "01"- Header |
| Total Number of records | M | Number (10) | Number of records in the file excluding control record. Including record Type "02 and 03" |
| Total Current Quantity | M | Number (16,3) | Total Current Quantity in the file record Type "02". |
| Total Freeze Quantity | O | Number (16,3) | Total Frozen Quantity in the file record Type "02" |
| Total Lock in Quantity | O | Number (16,3) | Total Lock In Quantity in the file record Type "02". |
| Total Number of records in type 02 | M | Number (10) | Number of records in the file having record Type "02. |
| Total Number of records in type 03 | M | Number (10) | Number of records in the file having record Type "03". |

**Detail Records**:

| Field | I/P type | Data Type | Remarks |
|---|---|---|---|
| **Record Type** | **M** | **Number(2)** | **"02"- CA Details** |
| Bo id | M | Char (16) | Beneficiary owner's ID |
| Rta int ref no | O | Char (16) | RTA's Internal reference Number |
| Isin | M | Char (12) | Parent Isin |
| Current quantity | M | Number (16,3) | Current quantity |
| Frozen quantity | O | Number (16,3) | Frozen quantity |
| Lock in quantity | O | Number (16,3) | Lockin quantity |
| Lock in reason code | O | Char (2) | Lockin Reason Code |
| Lock in reason | O | Char (50) | Lockin Reason |
| Lock in expiry date | O | Char (8) | Lockin Expiry Date |
| Dr/cr flg | M | Char (1) | Debit /Credit Flag |
| Benefit isin | M | Char (12) | Benefit Isin |
| Current quantity | M | Number (16,3) | Current Quantity |
| Frozen quantity | O | Number (16,3) | Frozen Quantity |
| Lockin quantity | O | Number (16,3) | Lockin Quantity |
| Lockin reason code | O | Number (2) | Lockin reason code |
| Lockin reason | O | Char (50) | Lockin reason |
| Lockin expiry date | O | Number (8) | Lockin expiry date |
| Dr/cr flg | M | Char (1) | Debit / Credit Flag |

**Following field is applicable for DN Record Details :-**

| | | | |
|---|---|---|---|
| Field | I/P type | Data Type | Remarks |
| Record Type | M | Number(2) | "03"- DN Details |
| **CA ISIN** | **M** | **CHAR(12)** | **ISIN** |

| | | | |
|---|---|---|---|
| DN From | M | Number (18) | Distinctive Number from in CDSL |
| DN To | M | Number (18) | Distinctive NumbeTo in CDSL |
| DN Quantity | M | Number (18) | Distinctive Number quantity ( TO-FROM +1) |
| Debit/Credit Flag | M | Char(1) | Debit / Credit Flag |

1. No field separators should be used.
2. Spaces should be used in case any character field does not have a value.
3. All numeric fields should be right justified with zero padding.
4. All alphanumeric fields should be left justified with padding of spaces.
5. For a single parent ISIN benefit ISIN'S can be upto five details for each benefit ISIN and will form the part of the same record.
6. For File CA FREEZE Quantity Should be 0.
7. DN Ranges will be applicable as DN Ranges submitted to the CDAS.

# SUGGESTED FORMAT OF RECONCILIATION REGISTER

**ISIN :** _____

**ISIN NAME :** _____

| Date | CDS Opening Quantity | Confirmed Additions | Confirmed Subtractions | CDS Closing Quantity | Signature of Person |
|---|---|---|---|---|---|
| Business date | As of last Business Date | As of last Business Date | As of last Business Date | As of last Business Date | Person doing Reconciliation |
| | | | | | |
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[on the Issuer's / RTA's letterhead]

**Date:** __ / __ / _____

To:

**Central Depository Services (India) Limited**
16th Floor, P J Towers, Dalal Street
Fort, Mumbai – 400 001

Dear Sir / Madam,

**Sub: Details of Annual Custodial Charges for Issuer ID_____**

We request you to kindly forward the details of Annual Custodial Charges for Bill No. _____ dated _____for the financial year _____, with respect to the average number of folios (ISIN positions)

Thanking you,

Yours faithfully,
for [**ISSUER / RTA Name**]

_____
[**Authorized Signatory**]

**Name: _____**

**Designation: _____**

| Penalty Structure for RTA / Issuers | | | | |
|---|---|---|---|---|
| **Sr. No.** | **Nature of Non-compliance** | **Penal Action** | **Imposition criteria of Penal Action** | **Repetitive Non Compliance** |
| **I** | **Operational deviations** | | | |
| 1 | Date of receipt of DRF/conversion request form /reconversion request form / RRF not entered/incorrectly entered in depository system. | 10 points | **Percentage of deviations to sample size :-**<br>No. of instances/Sample Size upto 5 % = 2 points<br>If No. of instances/Sample Size > 5% and upto 10 % = 5 points<br>If No. of instances/Sample Size > 10 % and upto 20 % = 7 points<br>If No. of instances/Sample Size >20% = 10 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 2 | Certificates / Statement of Account(SOA) and physical documents not sent to the concerned DPs within 5 working days of rejection of demat/conversion request. | 10 points | **Percentage of deviations to sample size :-**<br>No. of instances/Sample Size upto 5 % = 2 points<br>If No. of instances/Sample Size > 5% and upto 10 % = 5 points<br>If No. of instances/Sample Size > 10 % and upto 20 % = 7 points<br>If No. of instances/Sample Size >20% = 10 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 3 | Not sending printed certificate/SOA to the registered owner and Proof of despatch of certificates/SOA not maintained in case of remat/reconversion. | 10 points | **Percentage of deviations to sample size :-**<br>No. of instances/Sample Size upto 5 % = 2 points<br>If No. of instances/Sample Size > 5% and upto 10 % = 5 points<br>If No. of instances/Sample Size > 10 % and upto 20 % = 7 points<br>If No. of instances/Sample Size >20% = 10 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 4 | System of maintaining documents pertaining to demat/conversion/reconversion/ remat/ requests not satisfactory. | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |

| Sr. No. | Nature of Non-compliance | Penal Action | Imposition criteria of Penal Action | Repetitive Non Compliance |
|---|---|---|---|---|
| 5 | Not adhering to SEBI prescribed procedure for demat confirmation for shares lost in transit from Participant to Issuer / RTA | 5 Points | 5 Points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 6 | Delay in confirmation of demat /conversion/reconversion/ remat/redemption request within the prescribed time period where the delay is attributable to the RTA/ Issuer connected to depository | ₹250/- per request with a cap of ₹25000/- per occasion. | ₹250/- per request with a cap of ₹25000/- per occasion. | If deviations are observed under the same head in consecutive inspection, the penalty amount indicated will be doubled with a cap of `25000/- per occasion. |
| 7 | Dematerialistion of securities for which listing approval has not been received from the relevant stock exchange(s). | ₹1000/- | ₹1000/- lumpsum | If deviations are observed under the same head in consecutive inspection, the penalty amount indicated will be doubled. |
| 8 | Reconciliation between depository control position and Register of Members (ROM) is not done on a daily basis. | ₹2500/- | ₹2500/-lumpsum | If deviations are observed under the same head in consecutive inspection, the penalty amount indicated will be doubled. |
| 9 | Reconciliation between issued capital and summation of shares held in Physical form, CDSL and NSDL system is not done on daily basis. | ₹2500/- | ₹2500/-lumpsum | If deviations are observed under the same head in consecutive inspection, the penalty amount indicated will be doubled. |
| 10 | Internal Audit Report not submitted in the prescribed format within the stipulated time period. | ₹1000 per occasion plus additional ₹ 500 for any delay per fortnight. | ₹1000 per occasion plus additional ₹ 500 for any delay per fortnight. | ₹2000 per occasion plus additional ₹1000 for any delay per fortnight if repeated delay found in consecutive period.<br><br>If delay in submission is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee. |
| 11 | Internal audit report submitted without inclusion of management comments for deviations noted by auditors or not providing compliance duly certified by auditors on the observations made by the Depository. | ₹1000 per occasion plus additional ₹ 500 for any delay per fortnight. | ₹1000 per occasion plus additional ₹ 500 for any delay per fortnight. | - |
| 12 | Data submitted in Internal Audit Report is found to be false/ incorrect. | ₹500 per occasion. | ₹500 per occasion. | ₹1000 per occasion, if same deviation is observed for consecutive period.<br><br>If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee. |

| Sr. No. | Nature of Non-compliance | Penal Action | Imposition criteria of Penal Action | Repetitive Non Compliance |
|---|---|---|---|---|
| **II** | **System related deviations** | | | |
| 13 | Physical access to client machine is easily available to unauthorised persons. | 3 points | 3 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 14 | Scheme of Variable Access Rights not implemented. | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 15 | Not upgrading the software/ hardware/ network/ IT Infrastructure or not complying with pre-requisite or post-requisite of upgradation. | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 16 | Failure to establish connectivity with depository through alternate means of communication. | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 17 | Antivirus software not loaded/upgraded/enabled on server and/or client machine | 10 points | 10 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |

| Sr. No. | Nature of Non-compliance | Penal Action | Imposition criteria of Penal Action | Repetitive Non Compliance |
|---|---|---|---|---|
| **III** | **Miscellaneous deviations** | | | |
| 18 | Change in office address and or investor relations officers/compliance officers not intimated to the Depository | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 19 | Compliance not reported by Issuer/ RTAs within 60 days from the date of communication by depository with respect to deviations observed during the inspections. | Matter will be reported to its client companies as well as SEBI, for necessary action | Matter will be reported to its client companies as well as SEBI, for necessary action | Same action will be repeated |
| 20 | Name & specimen signature of authorised signatories not obtained from companies having only electronic connectivity and not compared before confirmation of demat/remat requests. | 5 points | 5 points | If deviations are observed under the same head in consecutive inspection, the penalty points indicated will be doubled. |
| 21 | Quarterly Investor Grievance report not submitted in the prescribed format within the stipulated time period. | Rs.500 per month. | - | Rs.1000 per month if repeated delay found in consecutive quarter. If delay in submission is observed for three consecutive quarters, matter would be referred to Disciplinary Action Committee. |
| 22 | Data submitted in Internal Audit report and Quarterly investor grievance report is found to be false/ incorrect | Rs.500 per occasion. | - | Rs.1000 per occasion, if same deviation is observed for consecutive period. If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee. |

## REGISTER OF CERTIFICATES DESTATMENTIZATION

| ISIN: | | | Name of the Issuer/AMC/RTA: | | | | | | | As on date: | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | Date of Receipt | | Destat Request Number (DRN) | DP ID and Name | Name of the Beneficial Owner and BO ID | Requested Quantity | No. of Pages of SOA | Accepted Quantity | Rejected Quantity | Rejection Reasons | Date of Confirmation |
| | Electronic | Physical | | | | | | | | | |
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**FORMAT LETTER FOR WITHDRAWAL OF PENDING DESTAT REQUEST**

Date:

To,

**Company Name and Address**

Dear Sir / Madam,

**Sub: Rejection of pending destat request and account closure**

I / We have submitted the Mutual Fund Units of your Mutual Fund _____ having ISIN _____ for destatmentization through Depository Participant _____(name) having DP ID _____. Details of my/ our destat request(s) are given below –

| Destat Request Form no. (DRF no.) | Destat Request Number (DRN) | Date of setup of DRN | Folio No. | No. of Pages | Quantity |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |

The aforesaid destat request(s) is / are pending for disposal for a long time. As I / we wish to close my / our BO account no. _____ and hold the above mentioned Units in the form of Statement of Account, I / We request you to reject the pending destat request and send Statement of Account directly to me / us with intimation to my / our DP.

Yours faithfully,

Name and Signature of 1st holder: _____

Name and Signature of 2nd holder: _____

Name and Signature of 3rd holder: _____

**Encl : Letter giving details of the destat request, duly signed and stamped by DP.**

**cc : 1. DP name and address**
**2. Electronic connectivity RTA name and address**