

## **Standard Operating Procedure for Corporate Actions for the Companies/ Issuers:**

### **Checklist of Documents for Corporate actions:**

The corporate actions are processed in CDSL system in accordance with the relevant documents/ information submitted by the Issuers/ RTA to CDSL. The issuers have to submit a set of documents as per the checklist along with applicable charges prescribed by CDSL to process the corporate action. The checklist/charges and bank details is available in CDSL website under the link - [https://www.cdslindia.com/RTA/Documentation\\_for\\_corporate\\_action.html](https://www.cdslindia.com/RTA/Documentation_for_corporate_action.html)

### **Document Manager Portal of CDSL:**

The documents as per the checklist can be submitted by the issuers/RTA by uploading the documents through CDSL's online Document Manager portal. The access for document manager portal can be obtained by the companies by submitting a request letter to CDSL.

### **Process steps**

#### **Cash Corporate actions:**

- The record date for cash corporate actions like payment of dividend / interest /redemption has to be set up by the issuers/ RTA having connectivity with CDSL in the CDSL system i.e. CDAS
- CDSL provides a list of beneficiary owners (RT02 report) giving details of the holders as on the record date for the purpose of calculation and remittance of dividend /interest/redemption amounts. After the report is generated as of the record date, the status of such corporate action set up changes to closed.
- The issuer/ RTA distributes the benefits of cash corporate actions to the eligible investors.

#### **Corporate actions where allottees are not in CDSL:**

- In case the allottees are with the other depository, the corporate action documents have to be submitted to CDSL to update the capital in CDSL records.
- It is important for issuers to keep its latest capital updated with CDSL and also ensure that the demat holdings are not exceeding the capital in CDSL records.

#### **Corporate actions where allottees are in CDSL:**

The issuer/ RTA having connectivity with CDSL can set up a corporate action in the CDSL system. Corporate action have to be set up by issuer / RTA as per the applicable type of corporate action present in CDSL system.

Following master CA types have been defined in the CDSL system basis which the issuer/ RTA set up the corporate action in CDSL system:

Master CA type	Type of Corporate action	Function	Example
1	Auto Corporate Action	Debits in the Parent ISIN and single / multiple credits in the Benefit ISIN(s) in the ratio specified. This option is used when the action is applicable to all the holders under the ISIN.	Split, Merger etc
2	Auto Corporate Action	Only credits to benefit ISIN in the ratio specified This option is used when the action is applicable to all the holders under the ISIN.	Bonus, Rearrangement
3	Auto Corporate Action	Only debits to Parent ISIN This option is used when the action is applicable to all the holders under the ISIN.	Redemption
4	File CA	Debit and Credit or only Debit or only Credit as per quantities specified in the files uploaded by the RTA This option is used for allotment to specific investors.	ESOP/Preferential/Rights etc
5	Benpos	Generation of Holding report / Benpos as on record date/book closure dates. After the 'Holding Report' generation the status of the CA will change to 'C'- Closed	AGM/EGM/Dividend/Interest payments

- Issuer / RTA have to prepare a corporate action file as per the format prescribed by CDSL in CDSL system through 'File submission' menu available in Corporate action module in CDSL system.
- Issuers/ RTAs have to ensure that, the record dates for the corporate actions e.g. Bonus/ Capital Reductions/ Split/ Consolidations/ Rearrangements or cash corporate actions such as dividend/ interest are set up on or before the record date in CDSL system.
- In respect of the corporate actions set up as Auto Corporate actions under Master type 1 & 3, the status of the Parent ISIN becomes "Inactive" on EOD of report printing date. e.g. capital reduction/ split/ consolidations etc. Such corporate actions can be set up by the issuer/ RTA only till 18.00 hrs on weekdays and 13.00 hrs on Saturday if the CA set up date is same as the record date.
- The corporate actions set up by issuer/ RTA are executed at CDSL level based on the documents and charges submitted by the issuer/ RTA for the respective corporate action.
- On completion of corporate action, the issuer/ RTA can check the status of the corporate action through online inquiry in corporate action module of CDSL or they can download the success/ failure report(RT24,RT38,RT98) of the corporate action from reports module of CDSL system.

**Payment of Stamp duty to CDSL on issuance of securities:**

The stamp-duty leviable under clause (c) of sub-section (1) of section 9A of the Indian Stamp Duty Act, on creation of new security and change in records in the depository upon issue of securities shall be collected on behalf of the State Government by the depository from issuer before executing any transaction in the depository system, The stamp duty amount collected by the depository is remitted to the respective state government of the state of the allottee.

Therefore, the issuers have to remit applicable stamp duty to CDSL in the designated bank account before executing the corporate action in the system. If sufficient stamp duty amount is not present against the issuer, then the corporate action setup/ file uploaded by RTA remains under 'Pending for Stamp Duty' Status in CDSL system.

In case of issuance stamp duty is applicable @0.005% of the consideration value. A stamp duty calculator has also been provided on the website for the purpose of applicable stamp duty.

**Transfer of Securities to Temporary ISIN (Applicable only for Listed companies)**

SEBI circular dated September 11, 2012 and October 5, 2020 mandates credit of securities in temporary ISINs for listed securities pursuant to further issuances including private placements/Rights etc. in case of equity as well as debt securities till final listing/ trading permission is received from the exchanges.

The securities credited in temporary ISIN are transferred to permanent ISIN of the company after the final listing /trading permission is received from the exchanges. A separate corporate action is processed for debiting the securities in temporary ISIN and crediting the securities in permanent ISIN.

**Transfer of Shares to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority:**

As per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, the shares in respect of which the dividend has been unclaimed for seven consecutive years have to be credited to IEPF authority's account through corporate action.

IEPF authority has opened a demat account with both the Depositories i.e. with CDSL DP as well as NSDL DP. The Issuer has the option of maintaining the IEPF account with the depository of their choice.

To transfer the shares to IEPF account of CDSL, specific CA types have been introduced in CDSL system.

CA Types are as under:

CA Type	CA Type Description
68	Trf of shares to IEPF
69	Trf of Shs NSDL IEPF
70	Trf of Shs IEPF Phy
71	Trf of Shs IEPF ACA
72	Suspense Account Debit

- The company needs to submit the documents as per the checklist specified along with corporate action fees. (Refer CDSL communique RTA/68 dated 16<sup>th</sup> November 2017)
- CDSL vide its above mentioned communique has specified the file formats in respect of files to be uploaded in CDAS for transfer of shares to the account of the IEPF Authority.
- In case the preferred depository is CDSL, the RTA is required to upload the data files as per the formats prescribed in above mentioned circular in CDAS through the upload module, based on which the corporate action file is generated at CDSL end for further processing and the shares are credited to the account of the IEPF Authority maintained with CDSL.
- In case the IEPF Account is being maintained at NSDL, for debit in CDSL BO accounts and subsequent credit in NSDL IEPF account, debit corporate action file as per the existing corporate action file format needs to be uploaded by the RTA.

#### **Distinctive Number Database:(Applicable only for listed companies)**

- SEBI vide its circular CIR/MRD/DP/10/2015 directed both the Depositories to create and maintain a database of distinctive numbers (DN) of equity shares of listed companies with details of DN in respect of all physical shares and overall DN range for dematerialized shares.
- The depositories shall provide an interface to the Stock Exchange, Issuers/RTAs for online updation and to the DPs for online enquiry.
- With respect to corporate action processing for further allotments by the listed issuers, it is required that the DN ranges pertaining to the further allotment have to be uploaded by the issuer/RTA in DN database before execution of the corporate action in CDSL system.