



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/3402

December 31, 2012

RAJIV GANDHI EQUITY SAVINGS SCHEME (RGESS)

DPs are advised to refer to the following communiqués:

- ❑ CDSL/OPS/DP/POLCY/3352 dated December 03, 2012 regarding notification issued by the Government of India, Ministry of Finance, Department of Revenue dated November 23, 2012 on the Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS).
- ❑ CDSL/OPS/DP/POLCY/3361 dated December 06, 2012 regarding SEBI Circular no. CIR/MRD/DP/32/2012 dated December 06, 2012 on RGESS.
- ❑ CDSL/OPS/DP/SYSTEM/3397 dated December 27, 2012 whereby we had informed that the date of activation of RGESS facility will be informed in due course.

We are pleased to inform that DPs can now open new accounts or designate existing demat accounts as RGESS. DPs are advised to follow the below guidelines and inform their BO \ CMs accordingly.

Account Opening:

1. DPs will have to obtain a declaration from BOs who wish to avail RGESS facility in **Form 'A'** (As mentioned in the notification by the Ministry of Finance given in the SEBI circular).
2. RGESS Account can be opened only under product codes available for resident individuals.
3. RGESS flag will have default value as 'N'.
4. a. Validations have been built in the system (online / upload) that an account can be created with RGESS flag 'Y' only if the BO satisfies following conditions :-
 - ✓ The BO does not have any other demat account as a first holder in CDSL

OR

 - ✓ The BO has opened a demat account (as a first holder) in CDSL and not had any transactions in equity in the said account.
 - ✓ The BO does not have any other demat account in CDSL with RGESS flag as 'Y'.
 - ✓ The BO is PAN compliant.

If the above said conditions are not satisfied the BO is ab-initio ineligible to open RGESS account, hence the account will not be created. Appropriate message will be displayed / error message will be given in the response file.



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b. After a demat account is opened successfully (provisionally) with RGESS Flag as 'Y', following checks will be done by CDSL with the other Depository and Exchanges on the basis of PAN of the first holder :

- ✓ The BO does not have any demat account with other depository as a first holder and he/she has not traded in derivatives segment.

OR

- ✓ If the BO has opened an account with other depository (as a first holder), he / she has not made any transactions in equity / derivative segment.
- ✓ The BO does not have any demat account with RGESS flag as 'Y'.

If the BO does not satisfy the requisite conditions, CDSL will change the RGESS Flag from 'Y' to 'N' and intimate the DP through a report (DPR3) with reason description.

Account Modification

5. Change of RGESS flag from 'N' to 'Y' will be allowed based on validations as mentioned above. In case it does not satisfy the conditions (CDSL), appropriate message will be displayed / error message will be given in response file and the change will not be effected. The said facility will be available in online as well as upload mode. The result of validation with other depository and exchange will be made available through a report.
6. The client master report and Transaction/ Holding statement will display RGESS flag.

Other Features:

7. Any credit received in RGESS eligible securities in the RGESS account will be frozen by CDSL after receiving response on valuation of the securities from Exchanges till valuation of such portfolio reaches ₹ 50,000/-.
8. Such securities will be frozen for a fixed lock in period of one year as provided in the scheme.
9. In case BOs want to exclude any RGESS eligible scrip from his RGESS portfolio, he has to submit **Form 'B'** (as mentioned in the notification by the Ministry of Finance given in the SEBI circular) within one month from the date of the credit in his demat account. Details of processing the same by DP will be intimated separately.
10. DPs will not be able to modify the RGESS flag from 'Y' to 'N'.
11. Reports viz. DPB9, DPS8 and DPS9 will contain the field value of RGESS flag.
12. The BO shall be eligible for benefit under RGESS in respect of actual amount invested in eligible securities which are kept under Fixed lock-in in the first financial year subject to the maximum investment limit of ₹ 50,000/-.
13. In case any credit is to be given to RGESS BO from a Clearing Member's client margin or client beneficiary account, the clearing member will have to enter settlement number while



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executing such transaction through upload. **Further, the clearing member will have to link such accounts to its CM ID as per the procedure given in communique no. CDSL/OPS/DP/1905 dated February 26, 2010.** In the absence of the same, the said transaction will be considered as off market credit and the BO will not be in a position to claim RGESS benefit for the same. DPs are advised to inform their Clearing Members about the same so that investors are not inconvenienced.

14. All other types of off market credits of RGESS eligible securities in RGESS account will not be eligible for investment under RGESS and hence will not be frozen and the BOs will not get the benefit of RGESS scheme on such credits.

Queries regarding this communiqué may be addressed to:

- ❑ **CDSL – Operations** on (022) 2272-8638 or 2272-8650. Emails may be sent to: sheltonj@cdslindia.com or farokhp@cdslindia.com.
- ❑ **CDSL – Helpdesk** on (022) 2272-8642, 2272-8427, 2272-8624, 2272-8693, 2272-8639, 2272-1261, or 2272-2075. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Nayana Ovalekar
Sr. Vice President – Operations