



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2019/421

August 23, 2019

HANDLING OF CLIENTS' SECURITIES BY TRADING MEMBERS / CLEARING MEMBERS – UNPAID SECURITIES ACCOUNT

DPs are advised to refer CDSL Communique no. **CDSL/OPS/DP/POLCY/2019/304** dated June 21, 2019 whereby we had advised DPs about the SEBI Circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 regarding guidelines pertaining to Handling of Clients' Securities by Trading Members (**TMs**) / Clearing Members (**CMs**).

DPs are advised to note the following for necessary implementation of the guidelines mentioned in the aforesaid SEBI circular:

1. As per the clause 4.2 of the aforesaid SEBI circular with regard to securities which have not been paid in full by the clients (unpaid securities), a separate client account titled "Client Unpaid Securities Account" (**CUSA**) shall be opened by the TM/CM. The unpaid securities would be transferred to such CUSA from the pool account of the respective TM/CM or from the Clearing Corporation as direct payout.
2. To implement the aforesaid requirements, CDSL has introduced account type as per the details mentioned below;

Sr. no.	Account opened in the name of	BO Category	BO Category Description	Linked to Product Code	Linked to Product description	Linked to Status Code	Linked to Status description	Sub-status code	Sub-status Description	Purpose of CM Account
1	TM/CM	8	Client Unpaid Securities	62	Client Unpaid Securities Account	26	Clearing Member	24	Clearing Member	For holding clients' unpaid securities

3. To enable DPs to open and tag the accounts in accordance with the guidelines as mentioned in the aforesaid SEBI circular with respect to unpaid securities, new sub-status as mentioned above **will be made operational w.e.f. August 30, 2019.**
4. As informed in the aforesaid SEBI circular TM/CM should ensure that all the existing client securities accounts opened by them other than 'CM Principal Account', 'CM Pool Account',



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'Clearing Member Account', 'Early Pay-in Account', 'Client Margin Trading Account' and 'CM/TM Collateral Account' shall be **wound up on or before August 31, 2019**. Considering the SEBI prescribed requirements as mentioned under clause 4.3 and 4.4 of the aforementioned SEBI circular, for ease of TM/CMs, the CUSA would be a settlement pocket compliant account for a CMID where the unpaid security balances would be stored under the respective settlement pocket. This would enable brokers to monitor the unpaid securities as per the SEBI specified timeline.

5. In case a TM/CM's existing pool account is maintained with a DP and the CUSA is being opened with the same DP then fresh account opening form would not be required to be submitted by the TM/CM to the DP for opening the CUSA. DP shall obtain a consent from TM/CM in the format enclosed as '**Annexure-A**' along with a copy of the board resolution for the same. However, if the CUSA is being opened with another DP where the pool accounts are not maintained then the documents as applicable for opening of demat accounts mentioned in the Operating Instructions 2.3.7 would have to be furnished. The TM/CM should mention the type of Account as CUSA in the AOF provided in **Annexure 2.2** of the Operating Instructions.
6. **With effect from September 01, 2019**, Clients' securities lying with the TM/CM in "TM/CM Collateral Account", "Client Margin Trading Securities account" and "Client Unpaid Securities Account" should not be pledged/transferred to the Banks/NBFCs for raising funds, even with authorization by client.
7. **Transfer of Securities From/To CUSA:**
 - a) Transfer of securities from clients' demat account to the CUSA will not be permitted.
 - b) Inter settlement transfer within CUSA will not be permitted.
 - c) Securities from TM/CM Unified Settlement Account (Pool Account of BSE TM/CM) and Clearing Member Account (Pool Account of other than BSE TM/CM) would be permitted to be transferred to the CUSA of the corresponding TM/CM or from the Clearing Corporation as direct payout.
 - d) The transfer of securities from CUSA to clients' demat account would be permitted with the appropriate reason code.
 - e) Transfer from CUSA to respective clearing member's account for pay-in (CM Principal for BSE CM and Clearing Member Account Pool Account of other than BSE CM) is permitted.



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8. Report:

DPs are requested to refer to the changes in the **CD11 (CM Master List)** report which is enclosed as 'Annexure B'.

9. Grouping of CUSA in Easiest:

Presently, CMs can use 'Easiest' to transfer securities from the CM's accounts provided such demat accounts have been grouped under CM log-in. CMs can transfer securities from CUSA to Client Account only if the CM has grouped its CUSA under the CM account login in easiest. The grouping can be done by submitting a request letter to the DP as per the current process. DPs and CMs are requested to note that grouping is possible only if the CM settlement accounts are held with the same DP.

10. DPs are hereby advised to inform their TM/CM clients that:

- a) All the TM/CM demat accounts tagged as "CM/TM – Client Account" **are wound up on or before August 31, 2019**. The TM/CM, within one week of closure of existing client accounts are further required to inform the Stock Exchange/s the details in the format specified in the aforesaid SEBI circular.
- b) TM/CM shall open the CUSA **latest by August 31, 2019** and inform the details of the same to the respective Stock Exchange/s / Clearing Corporation/s within one week of opening of the CUSA in the format specified in the aforesaid SEBI circular.

DPs are hereby directed to disseminate the aforesaid information / requirements / guidelines to their TM/CM clients to help them to comply with the same and required to implement suitable back-office changes, if any.

Queries regarding this communiqué may be addressed to:

CDSL – Helpdesk on (022) 2305-8642, 2305-8663, 2305-8624, 2305-8640 or 2305-8639.

Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Ashish Bhatt
Vice President – Operations

Date :

To,

(Name of Depository Participant)

Dear Sir / Madam,

Sub: Consent for opening Client Unpaid Securities Account

I am / we are maintaining a TM/CM account with your DP <demat account number (BOID)>. I/We would like to open client unpaid securities account based on the existing AOF with your DP.

I/we hereby declare that I/we are KYC compliant and details captured in the Pool / Principal Account and current details are same.

As per Operating Instructions 2.4.4 we hereby give our consent and Board Resolution along with the list of Authorised Signatories to open and operate the CM UnPaid Securities Account as a CM of BSE and / or CM for exchanges other than BSE.

Thanking you,

TM/CM Seal

Authorised Signatories

Report ID : CD11

Report Name : CM Master List

Sr. No	Field Description	Field Type	Field Max Size
1	Date	Date	8
2	CM Name-1	VarChar	164
3	CM Name-2	VarChar	164
4	CM Name-3	VarChar	164
5	Stock Exchange ID	Number	2
6	Clearing House ID	Number	2
7	CM ID	VarChar	10
8	Trade ID	VarChar	10
9	Principal Account (*1)	Char	16
10	Unified Settlement Account (USA) (*2)	Char	16
11	CM Unpaid Securities Account (CUSA)	Char	16
12	Early Pay-in Account	Char	16
13	Address-1	Char	30
14	Address-2	Char	30
15	Address-3	Char	30
16	City	Char	25
17	State	Char	25
18	Country	Char	25
19	Pin Code	Char	10
20	Settlement Pocket [SP] Registration Flag [Y = Registered for SP, N = Not registered for SP]	Char	1

Note:-

All fields are separated by '~'.

(*1) This is applicable only for BSE and BSE-SLB CMs

(*2) This column gives the USA account for BSE & BSE-SLB CMs and the CM Settlement account for CMs of all other Stock Exchanges.