



Central Depository Services (India) Limited

Convenient # Dependable # Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2020/312

July 17, 2020

AMENDMENTS TO CDSL's DP OPERATING INSTRUCTIONS

SEBI vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 informed market participants that collateral from the Clients in the form of securities should be accepted, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996 read with Regulation 79 of the SEBI (Depositories and Participants) Regulations, 2018 and the relevant Bye Laws of the Depositories.

Accordingly, amendments have been effected in DP Operating Instructions Chapter- 8 - Pledge / Unpledge / Invocation to incorporate the new procedure 'Margin Pledge – Repledge Process' as advised by SEBI.

The amendments in track changes mode are attached herewith [refer **Annexure –A**]. along with new Annexures. i.e. Margin Pledge Request Form Annexure - 8.4, Margin UnPledge Request form Annexure - 8.5, Margin Invocation Request Form Annexure -8.6, Consent letter Annexure - 8.7 and combined form as Annexure - 8.8 are attached herewith.

DPs are advised to note the same.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Umesh Kambli
Asst. Vice President - Operations

CHAPTER 8: PLEDGE / UNPLEDGE / INVOCATION		
Point No.	Existing	Proposed Amendments
8.6.	<u>Not Available</u>	Margin Pledge – Repledge process
8.6.1		Trading Members (TM) / Clearing Members (CMs) can accept collateral from clients in the form of securities only by way of Margin Pledge (MP) created in the depository system. For the purpose of providing collateral in form of securities as margin, a client can margin pledge securities with TM, and TM can re-pledge the same with CM, and CM in turn can re-pledge the same to Clearing Corporation (CC).
8.6.2		Account Opening by TM / CM <ul style="list-style-type: none"> • The TM / CM BO shall open a separate account to accept the margin pledge initiated by their clients under the specific type and sub-type specified by CDSL in this regard. • If the DP is having the TM / CM's pool account, the TM/ CM shall submit a duly signed consent form (Annexure 8.7) along with a copy of the board resolution. • If the DP does not have the TM / CM's pool account, the TM / CM shall submit a duly filled in account opening form (refer opening instruction 2.3) by specifically mentioning the type and sub-type in the AOF provided in Annexure 2.2 of the Operating Instructions.
8.6.3		Creation of Margin Pledge <ul style="list-style-type: none"> • The BO shall submit a duly filled and signed Margin Pledge Request Form (MPRF - Annexure .8.4 / 8.8) to the DP • On receipt of the MPRF, the DP shall check the MPRF for completeness, correctness and validity and then set up the request under the specific pledge type i.e. ' Margin Pledge' • On entry of the transaction, a unique Margin Pledge Sequence Number (MPSN) shall be generated for each ISIN. The DP shall record the MPSN generated by the system.

8.6.4.		<ul style="list-style-type: none"> • An SMS shall be sent to the BO by CDSL with a link to 'Authenticate the Margin Pledge Transactions'. • The BO shall click on the link and authenticate the Margin Pledge Transaction by entering the authentication parameter provided by the depository. • The transaction will remain pending for execution till authentication by the BO. • The further process will be similar to the process prescribed for creation of normal pledge instructions. <p>Creation of Repledge</p> <ul style="list-style-type: none"> • The TM / CM (re-pledgor) shall submit a duly filled and signed Margin Pledge Request Form (MPRF - Annexure .8.4 / 8.8) to the DP after selecting the option for 'Set up of Margin re-pledge'. • On receipt of the MPRF, the DP shall check the MPRF for completeness, correctness and validity and then set up the request for creation of margin repledge (MRP). • TM / CM can initiate a MRP for partial quantity • If while creating the underlying margin pledge, the BO had selected the segment option as 'ALL', the TM / CM can choose to repledge the same for any segment of their choice. But, if the BO had selected a specific segment option, the repledge shall also be done only for that segment. • The further process will be similar to the process prescribed for creation of normal pledge instructions.
8.6.5	<u>Not Available</u>	<p>Release of Margin Pledge / Margin Re-pledge</p> <ul style="list-style-type: none"> • The margin pledgor / re-pledgor (BO / TM / CM) shall submit a duly filled and signed Margin Unpledge Request Form (MURF- Annexure 8.5 / 8.8) to the DP. • On receipt of the MURF, the DP shall check the MURF for completeness, correctness and validity and then set up the request for release of margin pledge/ repledge. • The remaining process will be similar to the process followed for ' unpledge initiated by pledgor' in the case of normal pledge.

		<ul style="list-style-type: none"> Alternatively, the margin pledgee / re-pledgee may initiate a release of pledge by submitting the MURF. In such a case the process will be similar to the process followed for 'unpledged initiated by pledgee without any action by pledgor (Auto unpledge) in the case of normal pledge. For release of securities which are margin-pledged in favour of a TM / CM and which are subsequently re-pledged in favour of a CC, the CC will release the re-pledged client securities to the CM. The CM / TM in turn shall release the securities to TM / client, as the case may be. The facility for partial quantity release of margin-pledged / margin-repledged securities is available.
8.6.61	<u>Not Available</u>	<ul style="list-style-type: none"> Invocation of Margin Pledge / Margin Re-pledge: The margin pledgee / re-pledgee shall submit a duly filled and signed Margin Pledge Invocation Form (MPIF Annexure – 8.6 / 8.8] to its DP. The margin pledgee / re-pledgee shall ensure that if there exists any repledge on securities which are sought to be invoked the same will be released prior to invocation. If TM of a CM defaults CC shall release the re-pledged securities of defaulting TM in CM-CMPA and and CM shall invoke the pledge in Demat account of the TM. If client of a TM defaults, CC shall release the re-pledged securities of the defaulting client in CM-CMPA, the CM shall release the re-pledged securities of the defaulting client in TM-CMPA and the TM shall invoke the pledge in Demat account of the client BO/TM. The facility for partial quantity invocation of securities is available. The remaining process will be similar to the process followed for 'invocation' in case of normal pledge transaction.
8.8	Records The DP shall maintain copies of all Pledge Request Forms (PRF), Unpledge Request	The DP shall maintain copies of all Pledge Request Forms (PRF), Unpledge Request Forms (URF) , Margin Pledge Request Form [MPRF] , Margin Unpledge Request Form [MURF] , Invocation Request Forms (IRF) and Margin Pledge Invocation Form (MPIF) and Combined Form for a minimum period of 5 years or any such period as specified by SEBI / CDSL/Prevention of Money Laundering Act, 2002 whichever is higher

	Forms (URF) & Invocation Request Forms (IRF) for a minimum period of 5 years or any such period as specified by SEBI / CDSL/Prevention of Money Laundering Act, 2002 whichever is higher	
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MARGIN PLEDGE / REPLEDGE REQUEST FORM (MPRF)

Setup of Margin Pledge Setup of Margin Re-Pledge Confirmation of Margin Pledge Confirmation of Margin Re-Pledge

Depository Participant Name /Address

Please fill all the details in **Block Letters** in English

MPRF No.		Date	D	D	M	M	Y	Y	Y	Y
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I/We request you to **create the margin pledge, re-pledge / confirm the creation of margin pledge / re-pledge** for the following securities. I/We have read and understood the Depositories Act, SEBI Regulations and the Bye Laws in relation to margin pledge of securities and I/We agree to abide by and be bound by the Act, Regulations and the Bye Laws as are in force from time to time for such pledges.

Pledgor's Details																						
DP ID											Client ID											
UCC																						
TMID/CP Code																						
CMID																						
STOCK EXCHANGE											CLEARING CORPORATION								SEGMENT			
Pledgor's Name	1																					
	2																					
	3																					

DP ID											Client ID									
Pledgee's Name	1.																			
	2.																			
	3.																			

Details of Securities: Free Securities

Details of Securities offered for Margin Pledge/Margin Repledge

Sr. no	ISIN	Company Name	Quantity	PSN (System Generated)	Accepted / Rejected by Pledgee	Pledged value

Attach an annexure duly signed by the account holder(s), if the space above is insufficient.

Pledge Execution Date	D	D	M	M	Y	Y	Y	Y
Pledge Expiry Date	D	D	M	M	Y	Y	Y	Y
Total Pledge Value (Rs.)								
Agreement No.								
Date of Pledging	D	D	M	M	Y	Y	Y	Y

Note : As a pledgor and pledgee, We are aware that the margin pledge / re-pledge recorded in the system only prohibits the Pledgor from dealing with securities until redemption/maturity/expiry date of the securities margin pledged and that the records of margin pledged securities may be removed from the system as a result of redemption/maturity/expiry of the securities.

I/ we hereby provide our consent for the repledge of the securities under margin pledge by the pledgee (i.e. Trading Member) to the Clearing Member and / or further to the Clearing Corporation.

To be filled and signed in case of Set-up of Margin Pledge Re-pledge by Pledgor BO

Signature of the Pledgor

First/ Sole Applicant	Second Applicant	Third Applicant

To be filled in case of acceptance of Margin Pledge Re-pledge by Pledgee BO

Signature of Pledgee(s)

First Holder	Second Holder	Third Holder

Depository Participant Seal and Signature

To be filled and signed in case of Set-up of pledge release by Pledgor BO

Signature of the Pledgor		
First / Sole Applicant	Second Applicant	Third Applicant

Depository Participant seal and signature

Margin Invocation Request Form (MIRF)**Depository Participant Name/Address**Please fill all the details in **Block Letters** in English. To be filled by the pledgee.

MIRF No.		Date	D	D	M	M	Y	Y	Y	Y
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I/We request you to set up a Margin Invocation request on my / our behalf. I / We have read and understood the Depositories Act, SEBI Regulations and the Bye Laws in relation to Margin Invocation of securities and I / We agree to abide by and be bound by the Act, Regulations and the Bye Laws as are in force from time to time for such Margin Invocation.

Pledgor's Details												
DP ID										Client ID		
UCC												
TMID/CP Code												
CMID												
STOCK EXCHANGE					CLEARING CORPORATION				SEGMENT			
Pledgor's Name	1											
	2											
	3											

DP ID										Client ID	
Pledgee's Name	1.										
	2.										
	3.										

Date of Invocation	D	D	M	M	Y	Y	Y	Y
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Details of Securities to be invoked						
Sr. No	PSN	ISIN	Name of the Security	Total Quantity Pledged	Quantity to be invoked	Invocation Value

Attach an annexure duly signed by the Pledgee(s), if the space above is insufficient.

The invocation request is being set up for the reasons mentioned hereunder:-

Signature of the Margin Pledgee / Margin Re-pledgee		
Sole / First Applicant	Second Applicant	Third Applicant

Depository Participant Seal and Signature

On the letterhead of TM/CM

Date :

To,
(Name of Depository Participant)

Dear Sir / Madam,

Sub: Consent for opening Client Securities Margin Pledge Account

I am / we are maintaining a TM/CM account with your DP <demat account number (BOID)>.

I/We would like to open Client Securities Margin Pledge Account based on the existing AOF with your DP under the type _____ and sub-type _____ .

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

MARGIN PLEDGE / REPLEDGE (MPRF) / UNPLEDGE (MURF) / INVOCATION (MIRF) REQUEST FORM

Setup of Margin Pledge Setup of Margin Re-Pledge Confirmation of Margin Pledge Confirmation of Margin Re-Pledge Margin Pledge release by Pledgor Margin Pledge release by Pledgee Margin Repledge release by Pledgor Margin Repledge release by Pledgee

Depository Participant Name /Address

Please fill all the details in **Block Letters** in English

MPRF No./MURF No./MIRF No. _____ Date _____ D D M M Y Y Y Y

I/We request you to create the margin pledge/ re-pledge / unpledge/ invocation or confirm the creation of margin pledge / re-pledge / unpledge for the following securities on my / our behalf. I/We have read and understood the Depositories Act, SEBI Regulations and the Bye Laws in relation to margin pledge of securities and I/We agree to abide by and be bound by the Act, Regulations and the Bye Laws as are in force from time to time for such pledges/repledge/unpledged/invocation.

Pledgor's Details / Pledgee Details	
DP ID	Client ID
UCC	
TMID/CP Code	
CMID	
STOCK EXCHANGE	CLEARING CORPORATION
	SEGMENT
Pledgor's Name	1 2 3

DP ID	Client ID
Pledgee's Name	1 2 3

Details of Securities: Free Securities

Details of Securities offered for Margin Pledge/Margin RePledge Sr. no	ISIN	Company Name	Quantity	PSN (System Generated)	Accepted / Rejected by Pledgee	Pledged value

Attach an annexure duly signed by the account holder(s), if the space above is insufficient.

Details of Securities to be Unpledged
Date of Execution _____ D D M M Y Y Y Y

Sr.No	PSN	ISIN	Name of the Security	Total Quantity pledged	Quantity to be unpledged	Accepted / rejected by Pledgee

Attach an annexure duly signed by the account holder(s), if the space above is insufficient.

The Margin Pledge release Margin Repledge release request is being set up for the reasons mentioned hereunder: -

To be filled and signed in case of Set-up of pledge release by Pledgee BO

Details of Securities to be Invoked

Date of Invocation _____ D D M M Y Y Y Y

Sr. No	PSN	ISIN	Name of the Security	Total Quantity Pledged	Quantity to be invoked	Invocation Value

Attach an annexure duly signed by the Pledgee(s), if the space above is insufficient.

The invocation request is being set up for the reasons mentioned hereunder:-

Pledge Execution Date	_____ D D M M Y Y Y Y
Pledge Expiry Date	_____ D D M M Y Y Y Y
Total Pledge Value (Rs.)	_____
Agreement No.	_____
Date of Pledging	_____ D D M M Y Y Y Y

Note : As a pledgor and pledgee, We are aware that the margin pledge / re-pledge recorded in the system only prohibits the Pledgor from dealing with securities until redemption/maturity/expiry date of the securities margin pledged and that the records of margin pledged securities may be removed from the system as a result of redemption/maturity/expiry of the securities.

I/ we hereby provide our consent for the repledge of the securities under margin pledge by the pledgee to the Clearing Member and / or further to the Clearing Corporation

To be filled and signed in case of Set-up of Margin Pledge Re-pledge by Pledgor BO Set-up of pledge release by Pledgor BO

Signature of the Pledgor

First/ Sole Applicant	Second Applicant	Third Applicant

To be filled in case of acceptance of Margin Pledge Re-pledge by Pledgee BO Set-up of pledge release by Pledgee BO Invocation by pledgee BO

Signature of Margin Pledgee BO(s)

First Holder	Second Holder	Third Holder

Signature of the Margin Pledgee / Margin Re-pledgee

Sole / First Applicant	Second Applicant	Third Applicant

Depository Participant Seal and Signature