



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2020/373

August 29, 2020

RECORDING OF ALL TYPES OF ENCUMBRANCES IN THE DEPOSITORY SYSTEM

DPs are advised to refer to CDSL Communique no. CDSL/OPS/DP/SYSTM/2017/542 dated November 10, 2017 informing the functionality of recording Non Disposal Undertaking (NDU), based on the SEBI circular no. CIR/MRD/DP/56/2017 dated June 14, 2017

DPs are also advised to refer SEBI Circular no. **SEBI/HO/MRD2/DDAP/CIR/P/2020/137** dated July 24, 2020 regarding **Recording of all types of Encumbrances in Depository system [Refer Annexure]**. As per direction contained in the aforesaid SEBI Circular, additional functionality to record all types of Encumbrances is implemented in WEBCDA effective from August 29, 2020 (SOD)

After implementation of the said functionality in WEBCDAS, NDU Module has been renamed as **“Encumbrances”**. Once the maker clicks on maker menu, inquiry page will open, in that page **“Add New”** button is provided to punch a new request. Upon click of **“Add New”** button separate page will open. In that page, user has to select **“Encumbrances Type”** from the drop-down box. The options available in the drop-down box will be: 1) Lien 2) NDU 3) Other. In the Inquiry screen, **“Encumbrance Type”** field is mandatory. Remaining operational processes shall remain the same, as explained in CDSL Communique no. CDSL/OPS/DP/SYSTM/2017/542 dated November 10, 2017 Aforesaid functionality has been **released effective from August 29, 2020 (SOD)**.

DPs are advised to take note of the below mentioned points:

- a. This module is developed with new technology (.net core). DPs are mandatorily required to use internet explorer version 10 and above.
- b. This module will be available to the DP admin user. The DP admin has to give the rights to the other users using the database administration module

Further, the amendments to the DP operating instructions with respect to recording of all types of encumbrances shall I be informed to you separately.



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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



SEBI/HO/MRD2/DDAP/CIR/P/2020/137

July 24, 2020

CIRCULAR

To,
All Depositories

Subject: Recording of all types of Encumbrances in Depository system

Sir/ Madam,

1. SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 requires promoters of a company to disclose details of their encumbered shares. In this regard, it was observed that apart from pledge, hypothecation and non-disposal undertakings(NDUs), currently there is no framework to capture the details of other types of encumbrances in the depository system.
2. It has now been decided that Depositories shall put in place a system for capturing and recording all types of encumbrances, which are specified under Regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time. Towards this end, Depositories shall follow processes and other norms similar to that stipulated for the purpose of capturing and recording NDUs in Depository system. This is apart from pledge and hypothecation, whose processes and specific norms are separately provided in SEBI (Depositories & Participants) Regulations, 2018 and circulars issued thereon.
3. The freeze and unfreeze instructions executed by the Participant for recording all encumbrances will be subject to 100% concurrent audit.
4. The Depository Participant shall not facilitate or be party to any type of encumbrance outside the Depository system as outlined herein.
5. The Depositories shall implement the provisions of this circular within one month from the date of this circular.



6. The Depositories are advised to:
- i. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary;
 - ii. to carry out system changes if any to implement the above;
 - iii. disseminate the provisions of this circular on their website;
 - iv. communicate to SEBI, the status of implementation of the provisions of this circular in their Monthly Development Report.
7. This circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Versha Agarwal
Deputy General Manager
Market Regulation Department
Email: vershaa@sebi.gov.in