



# Central Depository Services (India) Limited

Convenient ⊕ Dependable ⊕ Secure

## COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

---

CDSL/OPS/DP/POLCY/2021/52

February 06, 2021

### REQUEST FOR QUOTE (RFQ) FOR DEMAT ACCOUNTS HELD BY KARVY STOCK BROKING LIMITED

DPs are advised to refer to **CDSL Communiqué No.** CDSL/OPS/DP/GENRL/2020/508 dated November 26, 2020 regarding termination of Depository Participant [DP] – Karvy Stock Broking Limited (Karvy).

DPs are requested to take note that, in mutual consultation with Stock Exchanges & other Depository, it has been decided that the trading as well the demat accounts held by Karvy shall be transferred to another Member / DP through a formal bidding process. Interested DPs, having inter alia satisfactory compliance & governance credentials, adequate Net worth and nationwide presence shall submit their bids for acquiring the demat accounts, in the specified format enclosed as **Annexure A**.

The interested DPs should meet the following criteria to be eligible to participate in the bidding process:

- a. Certified net worth of the DP as per last audited financial statements as on March 31, 2020 should be at least ₹10 Cr.
- b. Interested DPs shall fulfil the criteria of having at least one lac existing demat accounts.

Interested DPs meeting the aforementioned eligibility criteria shall submit a password protected bid form (as given in **Annexure A**) on Email ID: [bidding@nse.co.in](mailto:bidding@nse.co.in) between the period from February 8, 2021 to February 12, 2021.

The consolidated terms & conditions and other requirements regarding the above are specified in **Annexure B**. Interested DPs are advised to refer to the relevant points before submitting the bid.

Queries regarding this communiqué may be addressed to CDSL – Helpdesk: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640,



# Central Depository Services (India) Limited

Convenient + Dependable + Secure

## COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

---

2300-2041 or 2300-2033 and Shelton Joseph on 2305-8635, Krutika Panchal 2305-8601 & Sahendra Singh Bohat on 2305-8508 . Emails may be sent to:  
[helpdesk@cdslindia.com](mailto:helpdesk@cdslindia.com); [sheltonj@cdslindia.com](mailto:sheltonj@cdslindia.com); [KrutikaP@cdslindia.com](mailto:KrutikaP@cdslindia.com);  
[sahendrab@cdslindia.com](mailto:sahendrab@cdslindia.com)

sd/-

**Ashish Bhatt**  
**Vice President - Operations**



## **REQUEST FOR QUOTE (RFQ) FOR DEMAT ACCOUNTS HELD BY KARVY STOCK BROKING LIMITED**

**Instructions: Please fill in the table below and submit the Password protected Bid Form by email to [bidding@nse.co.in](mailto: bidding@nse.co.in).**

**I/We wish to submit a formal bid for the acquisition of the Demat accounts held by Karvy Stock Broking Limited pertaining to CDSL and tender the following details: -**

### **A. Applicant Details**

<b>PARTICULARS</b>	<b>INFORMATION</b>
NAME OF DEPOSITORY PARTICIPANT	
DEPOSITORY PARTICIPANT ID <i>(Give applicable details)</i>	NSDL: CDSL:
PAN OF DEPOSITORY PARTICIPANT	
REGISTERED ADDRESS OF DEPOSITORY PARTICIPANT	
SEBI REGISTRATION NO*	
DEPOSITORIES WHERE REGISTERED	<input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
NO OF ACTIVE DEMAT ACCOUNTS* <i>(Give applicable details)</i>	NSDL: CDSL:
NETWORTH as on March 31, 2020 (IN CR) (Enclose CA certified certificate)	
NAME & CONTACT DETAILS OF COMPLIANCE OFFICER	
OPERATING PROFIT/LOSS FOR YEAR ENDING MARCH 31, 2020	

## **B. Quotation Details**

The undersigned, having carefully examined and thoroughly perused the scheme of arrangement and the terms & conditions specified therein, hereby proposes to acquire the Demat accounts held by M/s Karvy Stock Broking Limited for the base bid sum of ₹ \_\_\_\_\_per account (In words \_\_\_\_\_). The details are as under:

<b>PARTICULARS</b>	<b>Custody Value as on January 31, 2021</b>	<b>No. of Demat accounts (B)**</b>	<b>Bid value per account (In Rupees) * (A)</b>	<b>Total (In Rupees) (A)*(B)</b>
Total Valuation for CDSL demat accounts	₹ 1,75,73,92,71,739.01	3,82,948		

\*A Reserve Price of ₹ 100 has been set for each demat account.

\*\*State / UT wise number of transferable accounts held with Karvy as on January 31, 2021 is enclosed herewith. (Annexure-C)

### **I/We have read the terms and conditions and confirm the following:**

- i. The above provided information is true and correct
- ii. I / We am/are aware that the number of accounts information made available in the RFQ may undergo a change due to transfer-cum-closure requests received during the bidding process period till account shifting.

For \_\_\_\_\_ (Name of the Applicant)

Authorized Signatory

(CEO/Compliance Officer)

## Terms and Conditions

- A.** Interested TMs will be allowed to participate in bidding process for the acquisition of all the registered trading accounts of **M/s Karvy Stock Broking Limited (Karvy)** across the concerned Exchanges i.e. NSE, BSE and MSEIL. Such TMs should be registered with all the respective Exchanges. A single bid application shall be filed for the trading accounts across all Exchanges.
- B.** In case of CDSL, the interested DPs bidding for CDSL Demat accounts should be a registered DP of CDSL and in case of NSDL, the interested DP shall be a registered DP of NSDL or shall become the DP of NSDL before the transfer of business. The interested DP can bid for demat accounts of both the depositories provided that the bids for the demat accounts for each depository shall be quoted & submitted separately.
- C.** A reserve Price of ₹ 100 per demat account has been set for the demat accounts. There will be no reserve price for trading accounts.
- D.** The bidders including the shortlisted bidder shall not at any point of time have any claim against any of the participating MIs.

### **E. Eligibility Criteria**

Following criteria should be met by a TM/DP to participate in the bidding process:

- a. TMs bidding for trading accounts should have a certified net worth of at least Rs. 10 Cr as on September 30, 2020 as per LC Gupta methodology.
- b. DPs bidding for the Demat accounts should have a certified net worth of at least Rs.10 Cr as per last audited financial statements as on 31st March 2020.
- c. Interested TMs bidding for the trading accounts should be a Member of all Stock Exchanges – NSE, BSE and MSEIL and should have at least 2 lacs registered trading accounts (unique PAN) registered with them across all the said Exchanges.
- d. The DP interested in acquiring the demat accounts should have the following number of existing demat accounts to be eligible for participation:

<b>Depository</b>	<b>Number of existing demat accounts</b>
CDSL	One lakh
NSDL	One Lakh

- e. Interested TM should have a nationwide presence with a minimum of 50 branches or offices across India in all the major cities and in at least 20 states of India.

## F. Procedure for submission

- a. The applicant shall submit the RFQ form as given in **Annexure-A**, physically signed / digitally signed / e-signed to [bidning@nse.co.in](mailto:bidning@nse.co.in). The RFQ will be password protected. No physical bid forms shall be accepted.
- b. The Bid period shall remain open for a period of **5 working days i.e. February 12, 2021**. No bids shall be accepted after this.
- c. The applicant shall separately submit the password through an email to [bidning@nse.co.in](mailto:bidning@nse.co.in) **after bid-closing-date and time**.

## G. Evaluation & selection procedure

- a. The application received shall be evaluated by a joint committee of the MIIIs in terms of the eligibility and the quote provided. The selected applicant shall be intimated within **2 working days** from the date of shortlisting by the joint committee.
- b. Upon receipt of the communication, the selected applicant will have to deposit the entire bid amount within **2 working days** to the bank account designated for this purpose.
- c. Upon selection, the selected applicant shall be required to submit the following documents:
  - i. An undertaking w.r.t. the fit & proper compliance and adherence to Bye-laws, Rules, Regulations.
  - ii. Board Resolution regarding the acquisition of trading /demat accounts.
- d. Once deposited, the bid amount shall not be refunded and shall be irrespective of the accounts actually transferred.

## H. Transfer process

Upon acceptance of bids and selection of the successful bidders for both Trading and Demat accounts and receipt of the entire bid amount, Exchanges and the Depositories shall proceed to transfer the UCC codes and demat accounts respectively to the respective successful bidders.

### a. Shifting of UCC

All the UCC codes registered under Karvy across all the Exchanges shall be transferred by the respective Exchange to the successful bidder. Client codes with same PAN number already in existence with the successful bidder, will not be transferred. Upon shifting of the UCCs, necessary intimation through email and SMS shall be sent to the clients. Exchanges shall facilitate by giving necessary directions to hand over the KYC forms of the clients so transferred to the successful bidder. No fresh KYC shall be required to be done by the

successful bidder. However, it will have to execute other necessary documentation such as Tariff sheet etc.

b. Shifting of demat accounts

All transferable accounts irrespective of balances will be considered for shifting to a 'Selected DP'. Shifting or transfer of a demat account from Karvy DP to the other DP shall be executed in the manner stipulated by the Depositories in this regard.

- i. All **non-transferable** accounts irrespective of balances will NOT be considered for shifting to a 'Selected DP'. This includes BOs for which request for 'Account Transfer' is received by a Depository till nomination notice of 15 days will not be transferred to a 'Selected DP'
- ii. All non-transferable accounts having balances will continue to be managed by the terminated DP or will be managed as per the 'Depository Omnibus System / Depository Managed DP' process.
- iii. Once the DP is selected, 15 days 'Nomination Notice' will be given to the BOs mentioning the following;
  1. BOs not intending to get their accounts shifted to a 'Selected DP' will be required to contact respective Depository to get their accounts transferred to identical demat account with any other DP of their choice, under the Depository Omnibus system / Depository Managed DP process or by the Terminated DP.
  2. If the BOs have not approached respective Depositories till completion of 15 days nomination notice, then the same shall be deemed to be an election by the client to be a client of a 'Selected DP' and corresponding new account will be opened at a 'Selected DP' and the said new account will be 'Frozen for Debit' under the reason code 'Assignment – DP Closure'.
  3. If the BOs have already given request under the Depository Omnibus System / Depository Managed DP process to transfer their accounts to identical demat account maintained with another DP (as mentioned above point) will be **excluded** from their account being transferred to a 'Selected DP'.
  4. If new accounts are opened at 'Selected DP' corresponding to the accounts of the terminated DP for which account closure request was received from the BO of the terminated DP, then the 'Selected DP' will be informed to close such accounts.
  5. On next business day of completion of the 15 days nomination notice their securities balances from the accounts of the terminated DP will be transferred to the corresponding new demat account opened with the 'Selected DP'.
- iv. Selected DP will be asked to send Client Master Report to the transferred demat account holders informing them about the client details as available in the depository system, Tariff sheet applicable to the client of the Selected DP and the status of account which is

'Frozen for Debit'. Terminated DP will have to hand over all BO's KYC and account opening forms to the selected DP. Client will have to submit account activation request including acceptance of tariff either offline to any branch office of a selected DP or online through the website of the DP to activate the account.

- v. Further, a selected DP will also intimate BOs that if BOs do not wish to continue with a selected DP and if they have balance in the account, they will have to submit proper KYC documents to a 'Selected DP' for activating the account (if not KYC compliant) and then submit documents for closure of account.
- vi. In case of Nil holdings account, if BOs do not wish to continue demat account with 'Selected DP' the BOs can close their demat account by either sending hard copy of account closure request letter to 'Selected DP' or by sending them an email from their registered Email ID or by sending a letter with digital sign or e-sign.
- vii. The BOs will have to submit the account activation request including acceptance of tariff to a 'Selected DP' for activating the account. After activation of the account, a 'Selected DP' will send a welcome kit along with DIS booklet and Rights and Obligations document.
- viii. All accounts opened at 'Selected DP' will be subject to concurrent audit at the time of unfreeze (i.e. At the time of unfreeze either the Terminated DP provided Account opening form & KYC documents to the selected DP or request for account activation in the specified format received from the client will be subject to concurrent audit. In case account is activated on the account activation request received from the client, requirement of concurrent audit for Account opening form & KYC remains for selected DP). The selected DP arranges to obtain the KYC documents of the client from the KRA system or from the terminated DP and is satisfied with the same, the selected DP will not require the clients to undergo KYC once again.
- ix. The selected DP will have time of 6 months to verify the KYC and account opening form received from the terminated DP. It can activate the accounts on receipt of account activation requests. Subsequently, if after verification of KYC / account opening form, if any deficiency is found in the forms / documents, selected DP can suspend the account till deficiency is removed. Selected DP is required to submit compliance report confirming that it has reviewed the KYC / account opening form received from the terminated DP and it is satisfied with the same, within 15 days after 6 months from the date of transfer, to the respective depository.
- x. The successful bidder will not have any right to collect any outstanding demat dues from the demat account holders of terminated DP.

#### **I. Utilization of the Bid Amount**

The funds raised from the bidding shall be utilized for settlement of claims of investor of Karvy, after recovering the outstanding dues of MIIs, if any.

## ANNEXURE C

### STATEWISE COUNT - DPID 14400

State	Count
ANDAMAN & NICOBAR ISLANDS	29
ANDHRA PRADESH	34837
ARMY POSTAL SERVICE	6
ARUNACHAL PRADESH	90
ASSAM	5110
BIHAR	16166
CHANDIGARH	1461
CHHATTISGARH	4817
DADRA AND NAGAR HAVELI	31
DAMAN AND DIU	131
DELHI	9633
GOA	599
GUJARAT	19051
HARYANA	10251
HIMACHAL PRADESH	2906
JAMMU AND KASHMIR	1411
JHARKHAND	7898
KARNATAKA	45698
KERALA	9610
LAKSHADWEEP	2
MADHYA PRADESH	19070
MAHARASHTRA	36738
MANIPUR	317
MEGHALAYA	165
MIZORAM	70
NAGALAND	67
ODISHA	9832
PUDUCHERRY	669
PUNJAB	12927
RAJASTHAN	19740
SIKKIM	91
TAMIL NADU	17361
TELANGANA	28519
TRIPURA	401
UTTAR PRADESH	44566
UTTARAKHAND	6641
WEST BENGAL	16037