



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2022/108

February 25, 2022

ONLINE AUCTION FACILITY FOR DEMAT ACCOUNTS HELD BY CDSL MANAGED DEPOSITORY PARTICIPANT

CDSL is pleased to inform that it will release a separate Online Auction facility for DPs to participate in bidding of demat accounts of DP being Auctioned.

DPs are requested to take note that, it has been decided that the demat accounts held by the DP being Auctioned shall be transferred to another CDSL DP through a formal bidding process using online Auction facility.

Process of Online Auction facility:

1. CDSL will inform the DPs by way of communicate the name of such DP whose Demat accounts will be bided on and eligibility criteria for the DPs.
2. **Eligibility Criteria:** CDSL will inform the eligibility criteria for the participating DPs, as on the cut-off date of each bidding process. Participating DPs should bid only if they are eligible as per criteria specified for that DP being Auctioned e.g. adequate Net worth, minimum BO accounts, satisfactory compliance & governance credentials, and nationwide presence of branches etc. The general terms & conditions for the **Online Auction Facility** are provided herewith as **Annexure - B**.
3. **Auction Procedure:** DPs who are eligible to participate and would like to submit the bids should follow the online auction procedure provided in **Annexure - A**.
 1. **BID period:** Bids will be accepted through the online module between the period from <Bid Start Date> to <Bid End Date>.
 2. **Reserve Price:** CDSL may quote a minimum bid reserve price for each DP being auctioned. Participating DPs will have to submit bids above the reserve price set.
 3. **BID Open Date:** On the BID open date, selected DP based on the highest bids and subject to meeting the eligibility criteria would be declared and informed by way of another communicate.



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4. **Payment:** On making the payment within prescribed time, the accounts of the DP to be auctioned will be given to the Selected DP.

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/-

Ramkumar K.
Executive Vice President

CDSL’s Online Procedure for Auction of demat accounts of CDSL Managed DP.

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User Guide for submission of Bidding form in CDSL’s auction module

- 1) **DP is required to login into the CDSL’s audit system by selecting login type as DP and using their existing user credentials.**

<https://auditweb.cdslindia.com/Login.aspx>

A: Register User for Bidding

- 2) **Create user login for participating in Bidding, by clicking on the option ‘User registration-Bidding DP’.**



AUDIT APPLICATION

Reports

Select Audit Type

Select Audit Month

Select DP / RTA

Confirm

[View DP / RTA Profile and Status of Reports](#)

[View Auditor Profile](#)







[View Investor Complaints](#)

[Go to Login](#)

[Registration for Auditor](#) | [Registration for Designated Officer / CISA Auditor](#) | **[User registration - Bidding DP](#)**

3) DP is required to enter the below mentioned details of the user for Bidding.

BIDDING DP REGISTRATION

 DP ID	<input type="text"/>
 User ID	<input type="text" value="User ID"/>
 Mobile No	<input type="text" value="Enter Mobile No"/>
 Email ID	<input type="text" value="Enter Email ID"/>
 New Password	<input type="text" value="Password"/>
 Confirm Password	<input type="text" value="Confirm Password"/>

Register





[Go to Login](#)

4) On successful registration, DP will get the 'Registration is completed for Bidding. Password will received on register Email ID'.



AUDIT APPLICATION

BIDDING DP REGISTRATION

 DP ID	<input type="text" value="12000"/>
 User ID	<input type="text" value="User ID"/>
 Mobile No	<input type="text" value="Enter Mobile No"/>
 Email ID	<input type="text" value="Enter Email ID"/>

Register

Registration is completed for Bidding. Password will received on register Email ID.

Go to Login




B. Login to CDSL's Auction module

- 5) User successfully registered for bidding process can now click on 'Go to Login' option for viewing the Auction module.
- 6) User is required to login by selecting the login type as 'Bidding Participant'.



AUDIT APPLICATION

SIGN IN

 Login Type	--Select--
 User ID	--Select--
 Password	Auditor
	DP
	RTA
	CDSL_Staff
	Designated Officer
	CISA_Auditor
	Auction Committee
	Bidding Participant

[Forgot password](#) [Change Password](#)

C. Participate in Auction module

- 7) User is required to select the "DP to be Auctioned" from the drop-down menu for which they wish to enter the Bid.

- a. Once the DP is selected, details of minimum Eligibility Criteria of Participating DP like Network, No. of Active Accounts, Minimum Bid value will be displayed.
- b. Only those DPs which fulfill the minimum eligibility criteria will be allowed to Participate in Bidding.
- c. Participating DP, which do not meet the Eligibility criteria will get the message that they are not fulfilling eligible criteria e.g., ‘Your number of accounts are not enough to fulfill the minimum eligibility criteria’.

DP to be Auctioned			
DP ID	<input type="text"/>	<input type="text"/>	
Date From	<input type="text"/>	Date To	<input type="text"/>
Value of Shares (In Cr.)	<input type="text"/>	No. of Active Accounts	<input type="text"/>
		No. of Accounts in 'to be close' status	
Eligibility criteria			
Minimum Net Worth (In Cr.)	<input type="text"/>	Minimum No. of Active Accounts	<input type="text"/>
		Minimum Bid value of BO (In Rs.)	
<input type="text"/>			
Participating DP - Bidding Form			
Participating DP	<input type="text"/>		
Net worth (In Cr.)	<input type="text"/>	No. Active accounts	<input type="text"/>
		Data As on	<input type="text"/>
Calculate Option	<input type="checkbox"/> Rate Per Bo <input checked="" type="checkbox"/> Sum Quotation		
		<input type="text"/>	

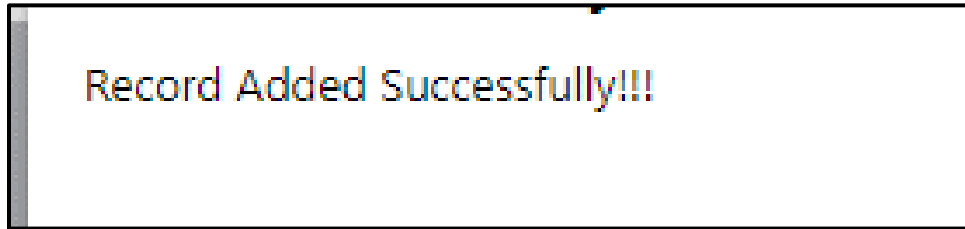
- 8) User is required to enter the bidding amount (either Rate per BO or the Total Sum of the Bid [excluding tax]) in the Bidding form.
 - a. Bidding amount should be equal to or above the reserve price (minimum Bid value) for the “DP to be Auctioned”.
 - b. If the Rate per BO/Sum Quotation, is less than the Minimum Bid Value (in Rs.), user will get an error ‘Rate per BO should be greater than equal to minimum Bid value of BO.’

Participating DP - Bidding Form			
Participating DP	<input type="text"/>		
Net worth (In Cr.)	<input type="text"/>	No. Active accounts	<input type="text"/>
		Data As on	<input type="text"/>
Calculate Option	<input type="checkbox"/> Rate Per Bo <input checked="" type="checkbox"/> Sum Quotation		
		<input type="text"/>	
Rate Per Bo	<input type="text"/>	Sum Quotation (A+B)	<input type="text"/>
		Amount(A) :-	<input type="text"/>
		Tax Amount(B) :-	<input type="text"/>

- 9) User on behalf of the participating DP, has to read and accept the terms and conditions of the Bidding by clicking on the check box ‘I agree to the terms and conditions of Bidding’ and then click on ‘Submit to CDSL’.

Participating DP - Bidding Form					
Participating DP	[Redacted]				
Net worth (In Cr.)	[Redacted]	No. Active accounts	[Redacted]	Data As on	[Redacted]
Calculate Option	<input type="checkbox"/> Rate Per Bo <input checked="" type="checkbox"/> Sum Quotation				
Rate Per Bo	[Redacted]	Sum Quotation (A+B)	[Redacted]	Amount(A) :-	[Redacted] Tax Amount(B) :-
DP registered with NSDL	<input checked="" type="checkbox"/>				
<input checked="" type="checkbox"/> I agree to the terms and conditions of Bidding					
Submit to CDSL					

10) On successful submission of bid , User will get the message 'Record added successfully'.



11) User can make changes to the Bid details till the Bid end Time after which no changes will be accepted in the Auction system.

Declaration

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 demat accounts, value of securities & some of the material information made available as on cut-off date in the Circular related to the Auction of this Depository Participant (DP) may undergo a change due to transfer-cum-closure requests received during the bidding process period till account shifting.
- iii. We accept all the terms and conditions mentioned in the CDSL Circular for the concerned demat account of the DPs to be auctioned.

Terms and Conditions

A. Interested Depository Participant (DP) for bidding, hereinafter called “**Participating DP**” will be allowed to participate in bidding process for the acquisition of all the ‘active’ & ‘to be close’ demat accounts of the DP to be auctioned, hereinafter called “**DP Auctioned**”. **Participating DP** should be a registered DP of CDSL at the time of Participation.

B. If any **Participating DP** does not meet the eligibility criteria set for the DP Auctioned, it will not be allowed to participate in the bidding process.

C. Participating DP shall not at any point of time have any claim against CDSL.

D. Eligibility Criteria:

CDSL will be informing the various eligibility criteria as on a particular cut-off date which should be met by the **Participating DP** in the bidding process. CDSL has the right to change the eligibility criteria for each “**DP Auctioned**”.

- a. Certified minimum net worth.
- b. Number of existing active demat accounts in the CDSL DP.
- c. Presence with a minimum of branches or offices across India.
- d. Any other criteria as mentioned by CDSL.

E. Procedure for submission

a. **Participating DP** shall submit the required details in the Auction portal provided by CDSL. No physical bid forms shall be accepted.

b. The Bid period (From and To: Date & Time) will be mentioned for each “DP Auctioned”. Bidding shall remain open for such period of time only.

No bids shall be accepted before or after this time.

F. Evaluation & selection procedure

a. The Bid application received shall be evaluated by CDSL in terms of the eligibility and the quote provided.

The selected applicant, hereinafter called “**Selected DP**” shall be intimated within the time as prescribed by CDSL from the date of shortlisting by the CDSL joint committee.

b. Upon receipt of the communication, the “**Selected DP**” will have to deposit the entire bid amount to the bank account designated for this purpose within the time as prescribed by CDSL.

- Revised Auction amount will be informed taking into the ‘Active’ & ‘to be close’ accounts actually transferred to the ‘Selected DP’. and
- Refund will be given in case the Accounts are not transferred.

G. Transfer process or Assignment process as mentioned

Upon acceptance of bids and selection of the successful bidder for the Demat accounts and receipt of the bid amount, CDSL shall proceed to transfer the demat accounts to the successful bidders.

1. Transferable Accounts:

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

2. All non-transferable accounts

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.

All non-transferable accounts **having balances** will continue to be managed by the terminated DP or will be managed as per the 'CDSL Managed DP' process.

3. 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 CDSL DP to be auctioned / CDSL to get their accounts transferred to identical demat account with any other DP of their choice, under the CDSL Managed DP process.

2. If the BOs **have not approached** respective DP to be auctioned/CDSL 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', securities balances will be transferred 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 CDSL 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 "**DP Auctioned**" for which account closure request was received from the BO of the "**DP Auctioned**", 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 **DP Auctioned** will be transferred to the corresponding new demat account opened with the 'Selected DP'.

4. Selected DP will be asked to send to the transferred demat account holders

- Client Master Report 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'.
- Client will have to submit **KYC/Account opening documents or client can submit the same electronically and complete the formalities required for account**

activation and execution of transactions. Client will also be required to provide 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.

5. Further, selected DP will also intimate BOs that if BOs do not wish to continue with them 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.

6. 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.

7. All accounts opened at 'Selected DP' will be subject to concurrent audit at the time of unfreeze (i.e. At the time of unfreeze Account opening form & KYC documents received from the client will be subject to concurrent audit.).

8. If the selected DP arranges to obtain the KYC documents of the client from the KRA system and is satisfied with the same, the selected DP will not require the clients to undergo KYC once again.

9. **The Selected DP** will not have any right to collect any outstanding demat dues from the demat account holders of "**DP Auctioned**".

H. Utilization of the Bid Amount

The funds raised from the bidding of the DP auctioned shall be utilized for payment of

1. outstanding dues of CDSL, if any of the DP auctioned.
2. Cost incurred by CDSL to send letters/emails to BOs of "**DP Auctioned**" giving 15 days nomination notice.
3. Settlement of claims related to demat account of the "**DP Auctioned**".,

I. Information of Participating DP:

In case of any mismatch in the DP details in the Auction portal or queries related to Portal, Participant will email the queries to auction@cdslindia.com before **bid-closing-date and time**.

J. No Publicity

The Bidder agrees to keep the existence and nature of its Bid and any discussions with CDSL regarding the Purpose confidential and not to make any publicity statement, advertisement or other disclosure with regard to the Purpose or the Bidding Process without the prior written consent of CDSL.

K. No Warranty

CDSL makes no representation or warranty as to the accuracy or completeness of the Confidential Information which is provided to the Bidder and CDSL shall have no liability to the Bidder resulting from the use of such Confidential Information, any such use being at the risk of the Bidder.

L. Contract

In the event that the Bid is successful the Bidder and CDSL will negotiate the terms of the proposed Agreement. The Bidder acknowledges that a further agreement may be required as part of the completion of agreement negotiation and bidding process.

M. Governing Laws and Regulations:

Any agreement to be entered with successful bidder as a result of this bidding shall be construed to the laws applicable in India. Additionally, the successful bidder shall comply with all applicable laws and regulations related to the clauses under the agreement.

N. Termination

CDSL has the right to terminate/ withdraw the award given to successful bidder as CDSL may deem fit. In case the successful bidder abandons the said contract/ agreement before the term established for fulfilment, or the successful bidder fails to deposit the bid proceeds within stipulated time, then CDSL has the right to terminate the contract/ agreement and cannot be held liable for any kind of loss.

The Bidder(s) agrees to the foregoing conditions. By proceeding to submit the Bid, would deem to be acceptance of bidding conditions as mentioned above.