



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/A,I&C/DP/POLCY/2022/458

August 11, 2022

KYC RECONFIRMATION OF SIKKIM BASED DEMAT ACCOUNTS

Process to be followed w.r.t. existing Sikkim based demat accounts:

Depository Participants (DPs) are advised to carry out KYC re-confirmation (i.e., verification of existing KYC documents available in DPs record with the details captured by DPs in the depository system) for all the existing Sikkim based demat accounts [active/ freeze] having correspondence or permanent address of Sikkim based on first holder's address (irrespective of whether PAN has been submitted by account holder or not). This KYC reconfirmation (Verification and Certification) shall be carried out by the existing appointed Concurrent Auditor or by an Auditor appointed by the DPs, which could be any qualified Chartered Accountant or a Company Secretary or a Cost and Management Accountant holding a Certificate of Practice. For this purpose, all the existing demat accounts as on June 30, 2022, shall be considered.

DPs are required to submit the auditor's certification confirming the appropriateness and completeness (as per the guidelines) of accepted / available KYC details to CDSL in the format provided as Annexure I. This KYC re-confirmation activity (i.e., verification of existing KYC documents available in DPs record with the details captured by DPs in the depository system) shall be completed and a final audit report of Auditor shall be submitted by DPs to CDSL not later than September 15, 2022. The said certification shall be emailed at audit@cdslindia.com with '**Report for KYC reconfirmation for the Sikkim based clients (DP ID 00000)**', as the subject of the email communication.

The audit report shall cover the following steps taken by the DP for discrepancies observed, if any and rectification carried out thereof:

- In case of any adverse observations are highlighted by the Auditor during the KYC verification of existing KYC documents available in DPs record, DPs are required to inform the concerned clients about the discrepancies and give 30 days' notice to the client for rectification of records / submission of deficient KYC details. If the client fails to take corrective action within 30 days, then the DP shall freeze the demat account for debit under reason code "20" (as per the procedure given in the Operating Instruction 13.5.3 for freezing demat account where deficiency in KYC is observed) and inform the clients about the freezing action. Such demat account shall then be activated by DP only after KYC compliance is done by client and audited from the DP's Auditor.



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- In case the discrepancies / error is on the part of the DP, the same shall be rectified by the DP within 15 days from the date of observations pointed out by the Auditor and get it audited by the Auditor.

In addition to above, CDSL will also verify the aforesaid Sikkim based clients KYC documents (on sample basis), which have been verified by the Auditor appointed by the DPs as a onetime activity, during the subsequent regular inspection of DPs to check the aforesaid compliance.

Process to be followed w.r.t. Newly onboarded Sikkim based demat accounts:

With respect to newly onboarded Sikkim based demat accounts (i.e. demat account opened on or after July 1, 2022); DPs will have to get all the demat accounts audited by their Auditor. In case of any adverse observations by the Auditors, DPs shall freeze the demat accounts of such clients under freeze reason code "20" (as per the procedure given in the Operating Instruction 13.5.3 for freezing demat account where deficiency in KYC is observed) and inform the client to rectify the discrepancy. Such demat account will be activated by DP only after KYC compliance by client and get it audited from Auditor. In case the discrepancies / error is on the part of DP, then it will have to be rectified by the DP at the earliest.

Queries, if any, regarding this communiqué may be addressed to CDSL-Audit on (022) 2305 8515 / 2305 8679 or 2305 8678.

sd/-

Ajit Prabhu
Sr. Manager – Audit, Inspection & Compliance



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Annexure I

Date: MM-DDD-YYY

Name of the Depository Participant
DP ID
Address details

Subject: Verification and Certification of KYC Compliance for the existing Sikkim based clients

This is with reference to CDSL circular no. CDSL/A,I&C/DP/POLCY/2022/458 dated August 11, 2022, advising the Depository Participants (DPs) to obtain a certificate from the Auditor regarding the KYC re-confirmation of demat accounts for the Sikkim based clients registered up to June 30, 2022.

In view of the above requirement, I / we hereby, state that the KYC re-confirmation (i.e., verification of existing KYC documents available in DP's record with the details captured by DP in the depository system) has been undertaken by us on behalf of the DP _____ (Name of the DP). The KYC re-confirmation of demat accounts of all Sikkim based clients registered upto June 30, 2022, irrespective of their status (active / freeze) having permanent and/or correspondence **address of first holder as Sikkim** has been done by us. The KYC re-confirmation is conducted on the basis of existing KYC documents available in Participants record with the details captured by the DP in Depositories system.

The observations of the KYC re-confirmation of demat accounts of all existing Sikkim based clients is enclosed as Annexure-A (format is as shown below):

Annexure A

		A	B# (If answer to Column A is "No")	C (If answer to Column A is "No")	D	E
Sr. No.	B O ID	Whether the address mentioned in the depository system is matching with the documentary proof provided by clients and confirm the address is of Sikkim state	In case of discrepancies whether the same is informed to the client giving 30 days' notice for rectification of records and informing that the demat account will be frozen for debit if such rectified documents are not submitted to the DP within 30 days.	Whether the account has been frozen due to the discrepancies	In case the discrepancies/error is on the part of the DP whether the same is rectified by the DP.	Auditor comments
		Yes / No	Yes / No	Yes / No	Yes/No	
1						
2						



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In case of client to whom 30 days' notice has been given to rectify the discrepancies, Participants are required to provide a follow up report for such accounts in the below format

		A	B (If answer to Column A is "No")	C	D
Sr. No.	BO ID	Whether client has submitted the rectified documents within 30 days	Whether the account has been frozen on expiry of 30 days provided to client for rectifying the discrepancies	In case client has submitted the rectified documents whether the same has been verified and is in order	Auditor comments
		Yes / No	Yes / No	Yes/No	
1					
2					

Signature of the certifying authority of Auditor