



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTMI/2023/525

September 05, 2023

VALIDATION OF AADHAAR BASED KYC RECORDS WITH KRA

DPs are advised to refer CDSL Communique no. CDSL/OPS/DP/SYSTMI/2023/493 dated August 18, 2023, *Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011* wherein DPs were advised to follow up with their existing Beneficial Owner (BO)s, in case the existing clients whose KYC records are not found to be valid by KRA after the validation process, as per intimation received from KRA and were informed that the demat account will be frozen for both - debit and credit with freeze reason code "22 - KYC verification Non-Compliant Account".

DPs are hereby informed that their all-existing BOs (who have used Aadhaar as an OVD) and not validated their KRA as mentioned in para 11 of SEBI Circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022 i.e. "*Clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated.*" and the existing BOs, wherein the KYC records are not found valid by KRAs after validation process as on September 01, 2023, shall be frozen for both - debit and credit on **September 6, 2023 (Wednesday)** with freeze reason code " **27 – Account holder related–KYC non-compliant**" instead of "22 - KYC verification Non-Compliant Account".

Process of freezing of demat accounts:

For operational convenience of the DPs, CDSL will be freezing the Demat accounts for both - debit and credit with freeze reason code "**27 – Account holder related–KYC non-compliant**". on September 6, 2023 (Wednesday), considering the latest KRA validation failed data as of September 1, 2023.

Data of such frozen demat accounts will be provided to respective DPs in their billing folder. DPs have to intimate through e-mail / SMS / letter to their demat account holders whose accounts are frozen for both – debit and credit.

Process of unfreezing of the demat accounts:

In future, if any BO/s are approaching to the DPs for removal of said freeze, the DP is required to verify that the status of KYC record for given PAN on KRA system and (for sole / all the eligible joint holders) and ensure that same is validated by KRA. After successful verification, DPs may remove



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freeze of demat account at their end. Such removal of freeze of demat accounts may be undertaken by DPs suo-moto also after necessary verification.

DPs can use the freeze reason code “22 - KYC verification Non-Compliant Account” for freezing the demat accounts, if their KRA / KYC are not validated / failed.

DPs are advised to note the same and ensure compliance. Further DPs are also advised to make necessary changes in their back office, if any.

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: helpdesk@cdslindia.com and telephone numbers 08069144800.

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Nilesh Shah
Asst. Vice President – Operations