

Circular No.: NSDL/CIR/II/01/2022

Date: January 20, 2022

**Subject: Amendment to Business Rules**

All issuers & R&T Agents are hereby informed that amendments have been made in Business Rules 23 of NSDL with respect to transfer of depository business and is enclosed as Annexure A.

All Issuers / R&T Agents are requested to take note of the above.

For and on behalf of

**National Securities Depository Limited**

**Rakesh Mehta** RAKESH  
**Vice President** MAHASUKHLAL  
MEHTA

Digitally signed by RAKESH MAHASUKHLAL MEHTA  
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## 23. TRANSFER OF DEPOSITORY BUSINESS

23.1. The transfer of the business or functions of the Transferor Participant to the Transferee Participant shall require the following:-

i) the Transferee Participant shall meet all applicable eligibility criteria prescribed for conduct of business as a Participant; and

ii) the Transferor Participant shall give written notice to each of its Clients about the proposed transfer providing each client an option, which may be exercised within a period of not less than 30 days from receipt of such notice; ~~and~~

~~iii) the Transferor Participant and the Transferee Participant shall publish a joint advertisement of the notice of the proposed transfer in such form as may be prescribed by the depository in one English national daily, one Hindi national daily with wide circulation and a regional language daily with wide circulation.~~

23.2 Upon receipt of such notice, each Client shall have a right to elect in writing either

i) to continue as a Client of the Transferee Participant on the same terms and conditions as governed by the receipt of services from the Transferor Participant; or ii) to terminate its existing arrangement with the Transferor Participant and provide to the Transferor Participant details of the new Participant selected by the Client for shifting of all securities held through the Participant. Failure to issue such written election within the prescribed option period shall be deemed an election by the Client to continue as a Client of the Transferee participant. Nothing contained herein shall restrict the ability of the Client to terminate its relationship with the Transferee Participant.

23.3 After such transfer, the Transferee Participant shall notify the Clients in writing as regards the completion of the transfer of the business in favour of the Transferee Participant.