

Circular No.: NSDL/CIR/II/33/2022

Date: October 7, 2022

Subject: Amendments to Bye Laws and Business Rules of NSDL - Operational Guidelines for Demat of securities received for processing investor service requests.

Attention of Issuers & R&T Agents are invited to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 regarding Operational Guidelines for dematerialization of securities received for processing investor's service requests by the Issuer/RTA as given below:

- 1) Issue of duplicate securities certificate;
- 2) Claim from Unclaimed Suspense Account;
- 3) Renewal / Exchange of securities certificate;
- 4) Endorsement;
- 5) Sub-division / Splitting of securities certificate;
- 6) Consolidation of securities certificates/folios;
- 7) Transmission; and
- 8) Transposition.

In this regard, Issuers & R&T Agents are hereby informed that the amendments have been made in the Bye Laws and Business Rules of NSDL to facilitate acceptance by the Participant of letter of confirmation issued by the Issuer/RTA in lieu of original security certificates w.r.t below:

1. Amendment to Bye-law 9.2 DEMATERIALISATION
2. Inserted new Business Rule 11.1.18 under rule 11 WITHDRAWAL AND DEPOSIT OF SECURITIES TO/ FROM A CLIENT ACCOUNT

The amended NSDL Bye Laws and Business Rules are enclosed as **Annexure A** and **Annexure B** in track change mode respectively.

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

For and on behalf of
National Securities Depository Limited

RAKESH M MEHTA
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Encl.: a/a.

9.2. DEMATERIALISATION

9.2.1. Credit of securities into the Depository shall be made either on account of dematerialisation of physical securities or on the fresh issue of securities in the dematerialised form.

9.2.2. A Client may convert his physical holdings of securities into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as DRF) in the form prescribed under the Business Rules along with the relevant security certificates.

Provided that in case of request for dematerialisation of securities relating to: (i) Issue of duplicate securities certificate; (ii) Claim from Unclaimed Suspense Account; (iii) Renewal / Exchange of securities certificate, (iv) Endorsement, (v) Sub-division / Splitting of securities certificate, (vi) Consolidation of securities certificates/folios, (vii) Transmission, (viii) Transposition or (ix) any other service request as prescribed by SEBI from time to time, a letter of confirmation in prescribed form issued by the Issuer or its Registrar & Transfer Agent in accordance with the circular or guidelines issued by SEBI from time to time can be accepted in place of the original securities certificate(s) along with DRF.

9.2.3. The Participant shall forward the DRF so received, along with the security certificates or the letter of confirmation (as the case may be), to the Issuer or its Registrar & Transfer Agent after electronically registering such request with the Depository. Such DRF shall be forwarded by the Participant not later than seven days of accepting the same from its Client.

9.2.4. The Depository will electronically intimate, on a daily basis, all dematerialisation requests to the respective Issuer or its Registrar & Transfer Agent.

9.2.5. The Issuer or its Registrar & Transfer Agent shall verify the validity of the security certificates or the Letter of Confirmation (as the case may be) as well as the fact that the DRF has been made by the person recorded as a member in its Register of Members.

9.2.6. After verification as aforesaid, the Issuer or its Registrar & Transfer Agent shall intimate the Depository authorising an electronic credit for that security in favour of the Client. On receipt of such intimation, the Depository shall cause necessary credit entries to be made in the account of the Client concerned.

9.2.7. No credit of any securities to the accounts of any Client shall be made unless the Depository has received an intimation from the Issuer or its Registrar & Transfer Agent or its agents as set out in Bye Law 9.2.6 above.

9.2.8. Where the Issuer or its Registrar & Transfer Agent rejects any dematerialisation request, it shall electronically intimate the Depository regarding such rejection within a period of fifteen days.

9.2.9. On the Issuer or its Registrar & Transfer Agent intimating to the Depository in the manner specified in Bye Law 9.2.8 above, the Issuer or its Registrar & Transfer Agent shall return the DRF along with the relevant security certificates or letter of confirmation (as the case may be) unless the reasons for such rejections are:-

- i) the security certificates are stolen or;
- ii) the security certificates are fake or;
- iii) the letter of confirmation is fake or expired; or
- iii) in the event of an order from a court or a competent statutory authority prohibiting the transfer of such securities or;
- iv) in case duplicate certificates have been issued in respect of the securities with the same distinctive numbers.

9.2.10. In the event of an intimation being received by the Depository from Issuer or Registrar & Transfer Agent to credit the account of the Client with securities which do not match with the details of the Client or Participant, the balance shall be held in suspense account and shall be reconciled as provided in 9.7.1.

9.2.11. In the event of any person making a claim to the securities that are held in the name of the Client with the Depository after the same are so registered, such claim must be settled amongst the Participants, Clients and Issuer or its Registrar & Transfer Agent.

9.2.12. The Issuer or its Registrar & Transfer Agent giving intimation as set out in Bye Law 9.2.6 above, represents and warrants to the Depository that such securities exist and are validly issued and is entitled/or has full authority to transfer such securities with the Depository in the name of the Client.

9.2.13. If the names of the clients appearing on the security certificates match with the names in which the account has been opened but are in a different order, such securities can be dematerialised by following the procedure laid down in the Business Rules.

9.2.14. If a client is desirous of getting the name(s) of the deceased joint holder(s) removed from the security certificate(s) and get them dematerialised, it may do so by following the procedure laid down in the Business Rules.

11. WITHDRAWAL AND DEPOSIT OF SECURITIES TO / FROM A CLIENT ACCOUNT

11.1. DEMATERIALISATION OF SECURITIES

11.1.1. Every Client shall submit to the Participant the securities for dematerialisation along with the Dematerialisation Request Form (DRF). The specimen of the DRF is given in Form 4.

11.1.2. No dematerialisation request shall be entertained by the Participant other than from a registered holder of securities.

11.1.3. The Participant shall first ensure that the certificates submitted by its Client for dematerialisation belong to the list of securities admitted by the Depository as eligible for dematerialisation.

11.1.4. The Participant shall ensure that the DRF submitted by its Client is completely filled and duly signed, including verification of the signature of the client with its records.

11.1.5. The Participant shall forward the DRF to the Issuer or its Registrar & Transfer Agent only after ascertaining that the number of certificates annexed with the DRF tallies with the number of certificates mentioned on the DRF.

Provided further that in case of transposition/transmission/signature variation with issuer's records and dematerialisation cases, the Participant shall also forward Form 31/32/42 as the case may be, alongwith the DRF to the Issuer or its Registrar & Transfer Agent.

11.1.6. The Participant shall check the Distinctive Numbers of certificates of securities submitted by its Client for dematerialisation with the records of Distinctive Numbers made available by the depository and ensure that the appropriate International Securities Identification Number [ISIN] is filled in DRF, as applicable.

11.1.7. The Participant shall also verify the details of the certificates submitted for dematerialisation with the details filled up in the corresponding DRF.

11.1.8. The Participant shall ensure that the certificates submitted for dematerialisation are marked by the Client with the words "Surrendered for Dematerialisation" which should be at least four inches in length and one inch in width.

11.1.9. The Participant shall ensure the safety and security of the certificates submitted for dematerialisation till the certificates are forwarded to the Issuer or its Registrar and Transfer Agent.

11.1.10. The Participant shall cancel the security certificates by drawing two parallel lines across the certificate and punch two holes on the company name in the manner laid down in Annexure A before forwarding the same to the Issuer or its Registrar and Transfer Agent.

11.1.11. The Participant shall ensure that a separate DRF is filled in by the Client for securities having distinct International Securities Identification Numbers [ISINs].

11.1.12. The Participant shall ensure that a separate DRF is filled in by the Client for locked in and free securities having the same ISIN.

11.1.13. The Participant shall ensure that the Client submits a separate DRF for each of its accounts maintained with the Participant.

11.1.14. The securities which have been dematerialised shall be credited to the accounts maintained by a Participant only when the pattern of holdings in the account of the Client matches with the pattern of holdings as per the security certificates.

Provided however that in case where the names appearing on the certificates match with the names in which the account has been opened but are in a different order, the Client can get the security certificates dematerialised by submitting the security certificates alongwith the Transposition Form as per Form 31 and the Dematerialisation Request Form (DRF) to the Participant. The explanation of such pattern of holding is given in Annexure B.

11.1.15. In the case of securities which have been submitted for dematerialisation for which any objection memo has been received from the Issuer or its Registrar and Transfer Agent, the Participant shall facilitate the correction of such objections on a timely basis.

11.1.16. In case of a public or rights issue with respect to a security which has been admitted to the Depository to be held in dematerialised form, the Issuer or its Registrar and Transfer Agent shall provide the Clients with the facility to indicate their option between electronic and physical holdings in the share application form in the form and manner provided in Form 5.

11.1.17. In the case of such issue in electronic form as specified above, the account of the Client maintained with the Participants shall be credited with such securities issued only when the pattern of holdings of such account matches with the pattern of application of the Client in the form specified above. The pattern of such holding has been explained in Annexure B.

11.1.18. In case of request for dematerialisation of securities relating to: (i) Issue of duplicate securities certificate, (ii) Claim from Unclaimed Suspense Account, (iii) Renewal / Exchange of securities certificate, (iv) Endorsement, (v) Sub-division / Splitting of securities certificate, (vi) Consolidation of securities certificates/folios, (vii) Transmission, (viii) Transposition or (ix) any other service request as prescribed by SEBI from time to time, a letter of confirmation in prescribed form issued by the Issuer or its Registrar & Transfer Agent in accordance with the circular or guidelines issued by SEBI from time to time can be accepted in place of the original securities certificate(s) along with DRF.