

Circular No.: NSDL/POLICY/2019/0041

July 15, 2019

Subject: Change in off-market transfers reason codes.

All Participants are hereby informed that pursuant to surveillance meeting at SEBI, it has been decided as follows:

1. Following changes will be made in off-market transfer's reason codes listed below with effect from August 3, 2019:

| Existing Reason Code | Existing Reason Code Name | New Reason Code | New Reason Code Name | Change |
|----------------------|--------------------------------------|-----------------|---|---|
| 2 | Margin to stock broker | 2 | Margin to stock broker / PCM | Renamed |
| 3 | Margin returned by stock broker | 3 | Margin returned by stock broker / PCM | Renamed |
| 5 | Open Offer / Buy-back | 12 | Buy-back | Open Offer & Buy-back code separated |
| | | 13 | Open offer for Acquisition | |
| | | 91 | Payout - On payment for unpaid securities | New Reason Code |
| 8 | Gift / Donation | 92 | Gift | Gift & Donation code separated |
| | | 93 | Donation | |
| 11 | Transmission | 11 | Transmission | Reason code available in respect of transfer of securities from BO account held in NSDL system to BO account held in other depository. Reason code is now enabled for transfer of securities between BO accounts held in NSDL system |
| | | 94 | Refund of securities by IEPF Authority | New Reason Code |
| | | 95 | ESOP/Transfer to employee | New Reason Code |
| 96 | Govt. / Regulatory directions orders | 96 | Implementation of Govt./Regulatory Direction/Orders | Renamed |
| 97 | Reversal of erroneous transfers | 97 | Erroneous Transfer pertaining to Client Securities | Renamed |
| 98 | Legitimate Dues of the stock broker | 98 | Meeting Legitimate Dues of Stock Broker | Renamed |
| 99 | Other (please specify) | | | Discontinued |

2. The list of revised off-market transfer's reason codes applicable with effect from August 3, 2019 is enclosed as Annexure A in track change mode and as Annexure B without track change mode.


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3. Following changes will be made in off-market transfer's reason codes as listed below with effect from September 14, 2019:

| Reason Code | Reason Code Name | Change |
|-------------|--|--------------|
| 6 | Transfers to PMS account | Discontinued |
| 7 | Transfers from PMS account | Discontinued |
| 9 | Account Closure | Discontinued |
| 10 | On-market Sale (Transfer towards Pay-in) | Discontinued |
| 11 | Transmission | Discontinued |

4. The list of revised off-market transfer's reason codes applicable with effect from September 14, 2019 is enclosed as Annexure-C in track change mode and as Annexure-D without track change mode.
5. To discontinue the off-market reason codes mentioned above at point no.3, following system enhancements will be implemented with effect from September 14, 2019:
- i. SEBI registered Portfolio Managers will be given a facility to open pool account as currently available for clearing members. Accordingly, all debit and credit transfers from/to the pool account of Portfolio Manager will be considered as "Market" transfers, instead of "off-market" transfers. Post enhancement, off-market reason code 6 – 'Transfers to PMS Account' and 7 – 'Transfers from PMS account' will be discontinued.
 - ii. Enhancement will be carried out in respect of Inter Depository Transfer (IDT) module to identify Market transfers and off-market transfers separately in the DPM system. For this purpose, necessary changes i.e. Market Transaction flag will be incorporated in the IDT module of DPM system. Upon operationalization of aforesaid flag, transfers To / From the pool account held with other depository will be treated as "Market" transfers instead of "off-market" transfers. Post enhancement, off market reason code 10 - 'On-market Sale (Transfer towards Pay-in)' will be discontinued.
 - iii. Account closure and Transmission instructions under Transfer of Holding module of DPM system will be enhanced to facilitate inter-depository transfers in cases where the target account is held with other depository. Upon operationalisation, off-market transfers with reason code 9 - 'Account Closure' and 10 - 'Transmission' will be discontinued.
 - iv. Transmission instructions under Transfer of Holding module of DPM system will be enhanced to facilitate transfers in respect of Transmission cases with the reason as 'Transmission To Nomination' (i.e. Multiple Nominations) and 'Transmission To Court Order / Legal Heirs'. Upon operationalization of aforesaid facility, off-market transfers with reason code 10 - 'Transmission' will not be required.
6. Participants are requested to take note of the changes in the system for capturing revised reason codes and format of information of revised reason codes to be printed on the inside front cover of the Delivery Instruction Slip (DIS) booklet will be notified separately.
7. Participants are requested to take note of the aforesaid and are requested to inform their clients accordingly.

Participants are required to take note of above and ensure compliance.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed: Four

FORTHCOMING COMPLIANCE

| Particulars | Deadline | Manner of sending | Reference |
|---|---|---|--|
| Investor Grievance Report (Monthly) | By 10 th of the following month. | Through e-PASS | Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015 |
| Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Quarterly) | By 15 th of the following month | By email at <u>Participant-Interface@nsdl.co.in</u> | Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019 |
| Cyber Security & Cyber Resilience framework of Depository Participants (Quarterly) | By 15th of the following month. | By email at <u>dpinfosec@nsdl.co.in</u> | Circular No. NSDL/POLICY/2019/0039 dated July 9, 2019. |
| Compliance Certificate (January - June) | July 31st every year | Digitally signed compliance certificate by email at <u>nsdl-bp-inspection@nsdl.co.in</u> Alternatively, by hard copy to Inspection Department. | Circular No. NSDL/POLICY/2010/0017 dated February 22, 2010 and Circular No. NSDL/ POLICY/2018/0028 dated May 21, 2018. |