

Circular No.: NSDL/POLICY/2024/0080

June 12, 2024

Subject: Clarification on Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM).

Attention of Participants is invited NSDL circular no. NSDL/POLICY/2022/159 dated November 14, 2022 in view of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022 regarding Handling of Clients' Securities by Trading Members/Clearing Members – Client Unpaid Securities Pledgee Account (CUSPA).

In the aforesaid SEBI circular, following guidelines are mentioned:

*3.4. If the client fulfills its funds obligation within **five** trading days after the payout, TM/CM shall release the pledge so that the securities are available to the client as free balance.*

*3.5. If the client does not fulfill its funds obligation, TM / CM shall dispose off such unpaid securities in the market within **five** trading days after the pay-out.*

In view of the above guidelines, the following changes will be incorporated in NSDL Depository system:

1. TMs/CMs shall be able to execute Unilateral Closure instruction and release the pledge within **only** five trading days after the pay-out of unpaid securities so that the securities will be debited from Client's demat account Pledge balance and credited in Client's demat account as Free Balance.
2. TMs/CMs shall **not** be able to execute Unilateral Closure instruction on 6th and 7th trading days after the pay-out of unpaid securities.
3. TMs/CMs shall be able to execute invocation of the pledge within five trading days after the pay-out of the unpaid securities only against the delivery obligation of the client.
4. TMs/CMs shall be able to execute invocation instruction on 6th and 7th trading days only against the delivery obligation of the client provided trades were executed within **five** trading days after the pay-out of unpaid securities.

The aforesaid changes will be implemented in NSDL Depository system at EOD of June 14, 2024.

Participants are requested to inform their Clients, TM and CM suitably and ensure compliance.



**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

FORTHCOMING COMPLIANCE

| Particulars | Deadline | Manner of sending | Reference |
|---|--|--------------------------|--|
| Investor Grievance Report (Monthly) | By 10 th of the following month | Through e-PASS | Para 22 of 'Grievance Redressal' chapter and Para 28 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants. |
| Artificial Intelligence /Machine Learning Reporting Form (Annually) | Within three months of the end of the financial year | Through e-PASS | Para 10 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants. |
| Annual System Audit Report (Yearly) | June 30 th | Through e-PASS | Para 20.5 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants. |

