



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SETTL/2024/279

May 23, 2024

CLARIFICATION ON HANDLING OF CLIENTS' SECURITIES BY TRADING MEMBERS (TM) / CLEARING MEMBERS (CM)

This is with reference to the following CDSL communiques in respect of SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022 regarding Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM):

- CDSL/OPS/DP/SETTL/2023/151 dated March 09, 2023
- CDSL/OPS/DP/SETTL/2023/178 dated March 21, 2023

The clarifications as given below may be noted:

1. If the client fulfills his/her funds obligation within five trading days after the pay-out, TM/CM can release the pledge within five trading days after the pay-out so that the securities are available to the client as free balance.
2. 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 and can invoke the pledge within five trading days after the pay-out.
3. In case, such pledge is neither invoked nor released, the pledge on securities shall be auto released at EOD of seventh trading day after the pay-out and the securities shall be available to the client as free balance without encumbrance.

Example: TM / CM transfers the pay-out securities to its unpaid client for the settlement having settlement day (i.e. pay-out day) on Monday where CUSPA Auto pledge is created instantly. Assuming there is no trading holiday in between except Saturday and Sunday,

- TM / CM can release the pledge securities by next Monday EOD.
- TM / CM can invoke the pledge securities by next Monday EOD.
- In case, pledge is neither invoked nor released, the pledge on securities shall be auto released at EOD of next Wednesday.

DPs are once again hereby directed to disseminate the aforesaid information / requirements / guidelines to their TM / CM / Trading clients to help them to understand and comply with the guidelines in accordance with the SEBI guidelines.



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Queries regarding this communiqué may be addressed to:

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: dptasupport@cdslindia.com and connect through our IVR Number 022-62343333

Prashant Kokate
Asst. Vice President – Operations