



# Central Depository Services (India) Limited

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## COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2024/290

May 30, 2024

### SEBI CIR KYC REVIEW OF VALIDATION OF KYC RECORDS BY KRAS UNDER RISK MANAGEMENT FRAMEWORK AND FAQS ON KYC NORMS FOR THE SECURITIES MARKET

DPs are advised to refer Communique no. **CDSL/OPS/DP/SYSTEM/2023/380** dated **June 30, 2023**, wherein DPs were informed that non-compliant demat accounts will be frozen for both - debit and credit with freeze reason code “26 - Account holder related PAN inoperative” as per the latest data available with CDSL on July 08, 2023.

DPs are now advised to note that based on the request received from the investors in the securities market and for the hardship of transacting by investors, SEBI has reviewed the provisions for “PAN and Aadhaar linking’ and has decided to streamline the risk management framework vide **SEBI circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41** dated **May 14, 2024**.

Point 12 of the FAQ on “KYC norms for Securities Market” provided by SEBI clarifies that in case of Clients, wherein PAN Aadhaar linkage is not verified, such clients shall be allowed to transact with the existing intermediary subject to availability of valid PAN However, KYC shall not be transferable in the securities market for such clients’. The link of the FAQs issued by SEBI is provided below for the reference.

[https://www.sebi.gov.in/sebi\\_data/faqfiles/may-2024/1715694256793.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/may-2024/1715694256793.pdf)

In view of the above, DPs are hereby advised to take note of the following:

1. CDSL will remove the freeze on the demat accounts on **Saturday, June 01, 2024** which were frozen for both - debit and credit on July 08, 2023 () under freeze reason code “26 – Account holder related PAN inoperative” due to non-compliance of PAN linking with Aadhaar and are in freeze status as on May 31, 2024. The list of such demat accounts wherein the freeze is removed by CDSL for operational convenience of DP, will be made available to the DPs in their respective billing folder with file naming convention.  
“**BLNG<<DP ID>>\_AADHAAR\_UNFROZEN\_BO\_31052024.tar**”.
2. Additionally, in case of those DPs who have proactively frozen any of the demat account(s) for non-compliance of PAN linking with Aadhaar under said freeze reason code, DPs can take necessary actions at their end, i.e. unfreeze the demat account. However, DPs are advised to note that in case of multiple freeze in the said demat account (s) due to any other reason / regulatory orders, then such freeze shall not be removed.



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3. DPs are advised to send intimations to the demat account holder/s wherein the freeze has been removed for both point nos.1 & 2 mentioned above, via letter/email/SMS or any other mode as deemed appropriate.
4. In view of the above changes, DPs can now open the new demat account (s) with valid PAN, although PAN is not linked with Aadhaar w.e.f. June 01, 2024. However, DPs are requested to ensure that in case of clients, whose KYC attributes cannot be verified by KRAs should not be allowed to transact further in the securities market until the KYC attributes are verified in accordance with point no. 8 of SEBI circular reference no. SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023.

DPs are advised to take note of the same and ensure Compliance.

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: [dprtastupport@cdslindia.com](mailto:dprtastupport@cdslindia.com) and connect through our IVR Number 022-62343333 .

**For and on behalf of  
Central Depository Services (India) Limited**

sd/-

**Nilesh Shah  
Assistant Vice President – Operations**