



# Central Depository Services (India) Limited

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## COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SETT/2024/589

October 05, 2024

### ENHANCEMENT OF OPERATIONAL EFFICIENCY AND RISK REDUCTION DIRECT PAY-OUT TO CLIENT DEMAT ACCOUNTS

DPs are advised to take note of SEBI Circular no. **SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75** dated **June 05, 2024**, and CDSL communique **CDSL/OPS/DP/P OLCY/2024/302** dated **June 06, 2024**, regarding Enhancement of operational efficiency and Risk Reduction - Pay-out of securities directly to client demat account.

DPs are further advised to take note of ICCL circular no. **20240902-8** dated **Sep 02, 2024** and NCL circular no. **NCL/CMPT/63669** dated **August 30, 2024** regarding Operating guidelines for Pay-out of securities directly to client demat account.

With reference to the aforesaid circulars/communiqués, DPs are hereby advised to take note of the following points / operational modalities in implementation of depository related activities pay-out of securities directly to client demat account ("Direct Pay-out").

#### 1. Opening/Maintaining of CM/TM Pool Accounts:

Trading Member (TM) / Clearing Member (CM) Pool account shall be mandatory for TMs / CMs. TMs clearing trades through other CMs would be required to maintain TM Pool Account with any CDSL DP. Similarly, CMs including Self-Clearing Members / Professional Clearing Members would be required to maintain a CM Pool Account with any CDSL DP.

#### 2. Opening/Maintaining of TM/CM CUSPA:

- If TMs/CMs have their client accounts in CDSL, they need to maintain Client Unpaid Security Pledge Account (CUSPA) in CDSL.
- It is mandatory for TMs to maintain TM CUSPA.
- Self-Clearing Members / Trading Member-cum-Clearing Member shall maintain TM CUSPA or CM CUSPA or TM/CM CUSPA.
- Professional Clearing Members shall maintain the CM CUSPA. Existing CUSPA can be used by TM/CM for direct payout.
- TM/CM is required to maintain single CUSPA in CDSL with unique PAN i.e. TM CUSPA, CM CUSPA or TM/CM CUSPA.



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### 3. Opening/Maintaining of TM Client Securities Margin Funding Account (CSMFA):

- TMs offering Margin Trading Funding facility to their clients are required to maintain Client Securities Margin Funding Account (CSMFA) in CDSL.
- Existing CSMFA can be used by TM for direct payout.
- TM is required to maintain single CSMFA in CDSL with unique PAN i.e. TM CSMFA.

### 4. Processing of pay-out:

- a) In case TM Pool or CM Pool account is not present in CDSL, then the direct payout transaction will be rejected and will be informed to Clearing Corporations (CCs).
- b) In case TM CUSPA or CM CUSPA or TM/CM CUSPA is not present in CDSL where client account is present, then the direct pay-out will be rejected and will be informed to CCs.
- c) In case of TM CSMFA is not present in CDSL where client account is present, then the direct pay-out will be rejected and will be informed to CCs.
- d) In case Standing Instruction (Confirmation Waiver Flag) is marked as 'No' in the client demat account wherein;
  - i) The client and CC Pool account, both are in CDSL then the direct pay-out from CCs will be credited to client account (receipt instruction is not required).
  - ii) The client demat account is present in CDSL and pay-out distribution is initiated from CC's NSDL Pool account, then DPs maintaining client demat account will be mandatorily required to enter Inter Depository Transaction (IDT) '**receipt instruction**' to receive the direct pay-out credit in the client account. In case 'receipt instruction' is not entered such pay-out will be marked as failed in EOD and will be informed to CCs.
- e) For every successful direct pay-out credited to client account from CC's, CDSL Pool account, Hop-Skip entry in TM Pool and/or CM Pool account will be reflected in Statement of Transaction (SOT) of TM/CM (i.e. DPC9 report which can be generated and downloaded from CM's easiest login) and Common Download (COD i.e. DP97 report) as per the UCC details provided by CCs. Please note that direct pay-out credits to CDSL client account from CC's NSDL Pool account, Hop-Skip entry will NOT be a part of CDSL SOT of TM/CM or COD.



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- f) Similarly, for every successful direct pay-out from CC's CDSL Pool account and credited to client account maintained with NSDL, Hop-Skip entry in TM Pool and/or CM Pool account will be reflected in Statement of Transaction (SOT) of TM/CM (i.e. DPC9 report which can be generated and downloaded from CM's easiest login) and Common Download (COD i.e. DP97 report)
- g) Hop-Skip entries will be reflected in SOT (DPC9 in CM easiest login) and COD report as per the logic given below:
- i) Pay-out file wise, cumulative pay-out quantity credit will be reflected at a CM-ISIN level i.e., if ISIN is present in multiple Payout files uploaded by CC, then pay-out file wise multiple credit entries will be reflected. Also, a file wise consolidated credit reversal (CM Pool debit to CC Pool) entry will be reflected for payout not credited (failed) in client account in the aforesaid reports.
  - ii) Client wise debit entries will be reflected in the aforesaid reports.

DPs are required to note that schedule date for live release for the above-mentioned changes shall be informed separately.

DPs are requested to note the contents of this communicate and disseminate the same to their TM / CM.

DPs are advised to take note of the aforesaid points/operational modalities and ensure compliance by way of carrying out suitable changes at their end.

**Queries regarding this communiqué may be addressed to: CDSL – Settlement Desk** on (022) 6234-3565, 6234-3566, 6234-3567, 6234-3571, 6234-3572 or 6234-3573.

Emails may be sent to: [operations@cdslindia.com](mailto:operations@cdslindia.com).

**CDSL – Helpdesk** Emails may be sent to: [dprtassupport@cdslindia.com](mailto:dprtassupport@cdslindia.com) and telephone number (022) 6234-3333.

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

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**Shelton Joseph  
Asst. Vice President – Operations**