



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SETT/2024/669

November 6, 2024

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

DPs are advised to take note of the following communiques issued by CDSL pertaining to enhancement of operational efficiency and risk reduction direct pay-out to client demat accounts and change in timing for securities pay-out in the activity schedule for T+1 Rolling Settlement:

- CDSL/OPS/DP/POLCY/2024/302 dated June 06, 2024
- CDSL/OPS/DP/SETT/2024/589 dated October 05, 2024
- CDSL/OPS/DP/POLCY/2024/607 dated October 11, 2024
- CDSL/OPS/DP/SETT/2024/656 dated October 30, 2024

With reference to the aforesaid communiques, DPs are hereby advised to take note of the following additional points / operational modalities towards implementation of pay-out of securities directly to client demat account ("Direct Pay-out").

1. For direct payout of securities (both intra and inter-depository) to demat account of a client and, if the payout by the Clearing Corporation (CC) pertains to Margin Trading Funding (MTF) clients, the Trading Member (TM) / Clearing Member (CM) will not require to obtain client consent through OTP. Securities credited in the client account will be auto pledged in favour of TM/CM Client Securities Margin Funding (CSMFA) account. Pledge Sequence Number (PSN) created during said auto pledge creation may be used by DPs/TMs/CMs to update their back-office as reflected in DP97 and DP37 reports.
2. If direct pay-out of securities (both intra and inter-depository) submitted by CC are rejected for any reason, the securities will remain in the CC Pool account. The CC will then transfer these securities to the corresponding CM Pool account. Further, when TM/CM transfers the securities to the demat account of the MTF client by way of creating a pledge in favour of CSMFA, client consent is required through OTP as per the existing MTF pledge mechanism.
3. If there is no standing instruction (i.e. Purchase Waiver Flag is 'N') in the demat account of client for receiving credits, Depositories will immediately reject direct payout of securities. The CC will then credit the payout to the CM Pool account. The CM will subsequently transfer the securities to the respective demat account of the client, provided the client has submitted a



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'receipt instruction' that has been entered by the Depository Participant (DP) of the receiving client as per the existing mechanism.

The functionality of direct payout to the client demat account will be implemented **with effective from November 11, 2024.**

DPs are requested to note the contents of this communique and disseminate the same to their TM / CM / trading clients suitably 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.
- CDSL – Helpdesk** Emails may be sent to: dprt@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**