



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2023/279

May 05, 2023

AMENDMENTS TO DP OPERATING INSTRUCTIONS CHAPTER-2

DPs are advised to note that amendments have been incorporated in CDSL's DP Operating Instructions Chapter 6 -Settlement.

1. Based on SEBI Circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020 i.e. obtaining client's consent through One Time Password (OTP) for all off-market transfers (i.e. Transfer of securities within CDSL as well as inter-depository transfer) of securities, from Source client's Demat Account.
2. Procedure incorporated for online DIS (e-DIS)

The amendments to the DP Operating Instructions are given in track changes mode [**Refer Annexure - A**].

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: helpdesk@cdslindia.com and telephone no. 08069144800.

sd/-

Nilesh Shah
Asst. Vice President – Operations

Point No.	Existing	Proposed Amendments
Chapter 6 –Settlement		
6.6.3	Transactions [i.e. transfer securities between two BO accounts within CDSL]	Transactions [i.e. transfer of securities between two BO accounts within CDSL]
6.6.3.1	DP shall receive a duly filled in DIS from the transferor BO OR transferee BO for execution of off-market transactions.	DP shall receive a duly filled in DIS from the transferor BO OR transferee BO for execution of off-market transactions.
6.6.3.2	If the transferee BO has given instructions to waive confirmations for all credits, i.e. if the transferee BO has given purchase waiver as "Y", then the transferee BO need not give "receipt" instructions to the DP. In case the BO has given confirmation waiver as "NO" while setting up the account and subsequently wants to waive confirmations for all credits, the BO shall inform the DP by filling in the purchase waiver form – Annexure 6.1. The DP on receipt of such instructions will verify the signatures of the BO and set up instructions to waive confirmations.	If the transferee BO has given instructions to waive confirmations for all credits, i.e. if the transferee BO has given purchase waiver as "Y", then the transferee BO need not give "receipt" instructions to the DP. In case the BO has given confirmation waiver as "NO" while setting up the account and subsequently wants to waive confirmations for all credits, the BO shall inform the DP by filling in the purchase waiver form – Annexure 6.1. The DP on receipt of such instructions will verify the signatures of the BO and set up instructions to waive confirmations.
6.6.3.3	After necessary verification, DP shall set an off-market instruction in the CDSL system.	After necessary verification, DP shall set an off-market instruction in the CDSL system. <u>All off-market transactions in CDSL are subject to the One Time Password (OTP) Verification in CDSL if reason code is not amongst the exemption list for OTP verification. Transfers between BO accounts would be considered for further processing only after the OTP authentication by the transferor BO. Till such time OTP is not validated by the transferor BO it will remain under "Pending for OTP authentication". In case the transferor BO fails to authenticate the transaction by the end of the day of execution date the transactions would be rejected under the status of OTP Validation not completed.</u>

<p>6.6.3.4</p>	<p>Transactions set up with execution date as the "Current Business Date" would be taken up for processing immediately on set-up. If the DIS has been received with an execution date not available for processing (e.g. Sunday / System holiday then the DPs can enter the DIS with the next available date for processing.</p>	<p>Transactions set up with execution date as the "Current Business Date" would be taken up for processing immediately <u>after OTP authentication on set-up</u>. If the DIS has been received with an execution date not available for processing (e.g. Sunday / System holiday then the DPs can enter the DIS with the next available date for processing.</p>
<p>6.6.3.5</p>	<p>Transactions set-up with execution date as "Future Business Date" would be taken up for processing at the beginning of the particular business date. Till such time the transaction would remain in the "Pending" status. All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system.</p>	<p>Transactions set-up with execution date as "Future Business Date" would be taken up for processing at the beginning of the <u>particular respective business date and OTP will be received by the BO the date of setup of transaction</u>. Till such time the transaction would remain in the "Pending" status. All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system</p>
<p>6.6.3.6</p>	<p>If the balance at the time of Debit is insufficient, the transaction will not be executed and will remain in the "Overdue" status. Transactions with "Overdue" status would be picked up for execution at pre-determined intervals (decided by CDSL from time to time) during the day. If sufficient balance comes in the account before End of the Day (EOD) of the execution date, the transaction shall be executed.</p>	<p>If the balance at the time of Debit is insufficient, the transaction will not be executed and will remain in the "Overdue" status. Transactions with "Overdue" status would be picked up for execution at pre-determined intervals (decided by CDSL from time to time) during the day. If sufficient balance comes in the account before End of the Day (EOD) of the execution date, the transaction shall be executed.</p>
<p>6.6.3.7</p>	<p>If sufficient balance does not exist in the account till the EOD of the execution date, the transactions would be reported as "Failed" transactions.</p>	<p>If sufficient balance does not exist in the account till the EOD of the execution date, the transactions would be reported as "Failed" transactions, <u>partial balance if available in the demat account will not be considered for execution</u>.</p>

<p>6.6.4</p> <p>6.6.4.1</p> <p>a.</p> <p>b.</p>	<p>Pay-in of securities: Pay-in options</p> <p>CM can perform pay-in of securities using either of the options given below:</p> <p>BO Level Pay-in: This option enables the BO to deliver the securities directly to the CH/ CC of the exchanges.</p> <p>CM Level Pay-in: For using this option, securities have to be delivered by the BO to the respective CM through off-market transfers. The CM, in turn, would deliver securities received from the delivering BO to the CH / CC.</p>	<p>Pay-in of securities: Pay-in options</p> <p>CM can perform pay-in of securities using either of the options given below:</p> <p><u>a.</u> BO Level Pay-in: This option enables the BO to deliver the securities directly to the <u>corresponding</u> CH/ CC of the <u>exchanges</u>CM.</p> <p><u>b.</u> CM Level Pay-in: For using this option, securities have to be delivered by the BO to the respective CM through <u>offon-</u>market transfers. The CM, in turn, would deliver securities received from the delivering BO to the CH/ CC.</p> <p><u>c.</u> <u>No OTP validation is required for transactions for on-market transactions where one of the accounts is a Clearing Member Settlement Account or Settlement Account of CC.</u></p>
<p>6.6.4.2</p>	<p>CM can deliver securities to the CH / CC using the following modes, which are explained below:</p> <ul style="list-style-type: none"> • Normal pay-in • Auto pay-in • Early pay-in <p>Normal Pay-in</p> <ul style="list-style-type: none"> • DP shall receive a duly filled in DIS for execution of on-market transactions from the BO / CM. 	<p>CM can deliver securities to the CH / CC using the following modes, which are explained below:</p> <ul style="list-style-type: none"> • Normal pay-in • Auto pay-in • Early pay-in <p>Normal Pay-in</p> <ul style="list-style-type: none"> • DP shall receive a duly filled in DIS for execution of <u>normal pay-in on-</u>market transactions from the BO /

	<ul style="list-style-type: none"> • DP shall verify the same and set-up an on-market instruction, i.e. set-up a BO obligation confirmation in the CDSL system. • Seller BO / CM can give on-market instructions to the DP on the "T" day itself even if no balance is available in the account as the available balance from the seller BO / CM account would be picked up only at the pay-in deadline time. • In case of BSE settlements, at the pay-in time, CDSL shall first earmark the available balances in the accounts for which "on-market" instructions have been entered. <p>Part earmarking in case of insufficient balances is permitted.</p> <p>E.g.: If a BO account has 500 shares and an on-market instruction is entered for 600 shares, available balance of 500 shares will be earmarked, at the pay-in time.</p> <ul style="list-style-type: none"> • In case of settlement of trades done on exchanges other than 	<p>CM.</p> <ul style="list-style-type: none"> • DP shall verify the same and set-up an on-market <u>normal pay-in</u> instruction, i.e. set-up a BO obligation confirmation in the CDSL system. • <u>Seller BO / CM can give on-market <u>normal pay-in</u> instructions to the DP on the "T" day itself even if no balance is available in the account as the available balance from the seller BO / CM account would be picked up only at the pay-in deadline time <u>or as decided by CDSL from time to time.</u></u> • In case of BSE-ICCL settlements, at the pay-in time, CDSL shall first earmark the available balances in the accounts for which "<u>normal pay-in</u> on-market" instructions have been entered. <p>Part earmarking in case of insufficient balances is permitted.</p> <p>E.g.: If a BO account has 500 shares and an <u>a normal pay-in</u> on-market instruction is entered for 600 shares, available balance of 500 shares will be earmarked, at the pay-in time.</p> <p>In case of settlement of trades done on exchanges</p>
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<p>6.6.4.3</p>	<p>BSE, the securities are moved from BO accounts for which on-market settlement instructions have been given, to their respective CM accounts at the pay-in deadline time. In case of insufficient balances, available balances are moved. After this transfer, all available balances in the CM accounts would be blocked and, thereafter, debit takes place.</p> <ul style="list-style-type: none"> • DP can advise BO / CM to maintain adequate balances in the accounts from where the on-market instructions are entered before the scheduled pay-in timings, as specified by the CH / CC of the respective Stock Exchanges. • The BO confirmations can be modified or deleted by the DP till the pay-in time on receipt of instructions from the BO / CM. 	<p>other than BSE through ICCL, the securities are moved from BO accounts for which on-market settlement instructions have been given, to their respective CM accounts at the pay-in deadline time. In case of insufficient balances, available balances are moved. After this transfer, all available balances in the CM accounts would be <u>considered for pay-in</u>.</p> <p>blocked and, thereafter, debit takes place.</p> <p>DP can advise BO / CM to maintain adequate balances in the accounts from where the <u>normal pay-in on-market</u> instructions are entered before the scheduled pay-in timings, as specified by the <u>CH / CC of the respective Stock Exchanges</u>.</p> <ul style="list-style-type: none"> • <u>The BO confirmations can be modified or deleted by the DP till the pay-in time on receipt of instructions from the BO / CM. under the desired settlement pocket for the purpose of pay-in.</u> <p>Auto pay-in</p> <ul style="list-style-type: none"> • Using this pay-in option, securities would be automatically picked up
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	<p>Auto pay-in</p> <ul style="list-style-type: none"> Using this pay-in option, securities would be automatically picked up from the BSE CMs Principal account at the pay-in time, without the CM having to give any instruction. Based on the details of the net pay-in obligations of the CMs (who have opted for auto pay-in) received from the trading / settlement system of the stock exchanges, CH / CC shall generate the instructions for obligation confirmations through the CDSL system. Thus DPs will not receive any instructions from CMs for setup of auto pay-in instructions. Since modifications are not allowed for auto pay-in confirmations generated by the CH/CC. If a CM wants to cancel a specific auto pay-in instruction for a particular ISIN for a particular Settlement, the DP would receive a duly filled in deletion request in the format specified by CDSL - (Annexure – 6.5). DP shall verify the deletion request form and set-up a 	<p>from the ICCL BSE CMs Principal account at the pay-in time, without the CM having to give any instruction.</p> <ul style="list-style-type: none"> Based on the details of the net pay-in obligations of the CMs (who have opted for auto pay-in) received from the corresponding trading / settlement system of the stock exchanges, CH / CC shall generate the instructions for obligation confirmations through the CDSL system. Thus DPs will not receive any instructions from CMs for setup of auto pay-in instructions. Since modifications are not allowed for auto pay-in confirmations generated by the CH/CC. If a CM wants to cancel a specific auto pay-in instruction for a particular ISIN for a particular Settlement, the DP would receive a duly filled in deletion request in the format specified by CDSL - (Annexure – 6.5). DP shall verify the deletion request form and set-up a deletion request in the CDSL system.
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	deletion request in the CDSL system.	
6.6.4.4	<p>Early pay-in</p> <ul style="list-style-type: none"> • DP shall receive a duly filled DIS for execution of early pay-in instructions from the BO / CM. • DP shall verify the DIS and set up an early pay-in instruction in the CDSL system. • DP shall ensure that the early pay-in instruction is given from the CM Clearing a/c or CM Principal a/c or BO a/c only. • On set up of early pay-in instruction, the securities are immediately transferred from the concerned BO / CM account to the designated early pay-in account maintained with the CH / CC of exchanges. 	<p>Early pay-in</p> <ul style="list-style-type: none"> • DP shall receive a duly filled DIS for execution of early pay-in instructions from the BO / CM. • DP shall verify the DIS and set up an early pay-in instruction in the CDSL system. • DP shall ensure that the early pay-in instruction is given from the CM Clearing a/c or CM Principal a/c or BO a/c only. • <u>On set up of early pay-in instruction, the securities are blocked in the respective CM or BO account are immediately and transferred from the concerned BO / CM account to the designated early pay-in account maintained with the CH / CC on pay-in date Setup / upload of early pay-in transactions from BO account with valid UCC details for e-DIS registered client is allowed</u>

	<ul style="list-style-type: none"> In case balances in the delivering a/c are insufficient at the time of set up of instruction, the transaction shall fail. DP will have to set up a fresh early pay-in instruction after the balance is available in the account. 	<p><u>only if there exists an unconsumed mandate verified and authorized by CDSL generated TPIN and OTP.</u></p> <ul style="list-style-type: none"> <u>On T Day evening, early pay-in transactions setup / uploaded from BO account with valid UCC details for e-DIS registered / block mechanism opted clients are checked with the corresponding obligation details by CC and entire / excess securities blocked in the client account is made free based on the reversal instruction received from CC.</u> <u>Effective from T+1 SOD till allowed early pay-in acceptance setup / upload of early pay-in transactions is allowed only for those e-DIS registered / block mechanism opted client where there exists an unconsumed mandate and pending obligation quantity as per the applicable case may be.</u> <u>_____</u> In case balances in the delivering a/c are insufficient at the time of set up of instruction, the transaction shall fail. DP will have to set up a fresh early pay-in instruction after the balance is available in the account.
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6.6.5	Pay-out of securities	Pay-out of securities
6.6.5.1	On pay-out, securities are delivered by the CH / CC of the exchanges to the designated CM accounts.	On pay-out, securities are delivered by the CH / CC of the exchanges to the designated CM accounts.
6.6.5.2	Alternately pay-out securities could be directly transferred to the buying BO account provided the CM gives the BO ID of their buying client through the respective trading terminals to the CH / CC.	Alternately pay-out securities could be directly transferred to the buying BO account provided the CM gives the BO ID of their buying client through the respective trading terminals to the CH / CC.
6.6.5.3	DP shall receive duly filled-in DIS for execution of off-market transactions from the CM for transfer of securities from their designated CM accounts (where the pay-out of securities is received) to the buying BO account.	DP shall receive duly filled-in DIS for execution of off-market transactions from the CM for transfer of securities from their designated CM accounts (where the pay-out of securities is received) to the buying BO account.
6.6.5.4	DP shall verify the DIS and set up off-market transactions in the CDSL system.	DP shall verify the DIS and set up off-market transactions in the CDSL system.
6.6.5.5	As per SEBI directive, CM must deliver the pay-out securities to their buying BO accounts within 1 working day from the day of pay-out or such time as may be decided by SEBI from time to time.	As per SEBI directive, CM must deliver the pay-out securities to their buying BO accounts within 1 working day from the day of pay-out or such time as may be decided by SEBI from time to time.
6.6.5.6	In case the securities are not transferred out within the specified time period, the CM will attract a penalty as stipulated by SEBI from time to time.	In case the securities are not transferred out within the specified time period, the <u>CM Principal / CM Unified Settlement / Clearing Member Pool</u> will attract a penalty as stipulated by SEBI from time to time <u>The pay-out can be received directly from CC into the receiving BO accounts.</u>

6.6.6	Inter depository transaction	Inter depository transaction
6.6.6.1	DP shall receive a duly filled-in DIS for execution of Inter-depository transactions from the BO / CM.	DP shall receive a duly filled-in DIS for execution of Inter-depository transactions from the BO / CM.
6.6.6.2	In case the BO has opted for "Purchase Waiver" as "No" at the time of account opening, the DP shall receive receipt instructions from the BO / CM.	In case the BO has opted for "Purchase Waiver" as "No" at the time of account opening, the DP shall receive receipt instructions from the BO / CM.
6.6.6.3	<p>DP shall verify the following from the DIS –</p> <ul style="list-style-type: none"> • If the transfer is from/to an account holder with the other depository, whether the client ID and DP ID of the account held with the other depository has been mentioned in the DIS. • If the transfer is to the CM Pool A/C with the other depository, whether the CM BP-ID, the market Type and Settlement Number for which the securities are to be transferred to the CM Pool Account has been mentioned. 	<p>DP shall verify the following from the DIS –</p> <ul style="list-style-type: none"> • If the transfer is from/to an account holder with the other depository, whether the client ID and DP ID of the account held with the other depository has been mentioned in the DIS. • If the transfer is to the CM Pool A/C with the other depository, whether the CM BP-ID, the market Type and Settlement Number for which the securities are to be transferred to the CM Pool Account has been mentioned.
6.6.6.4	After verification, DP shall set up an inter-depository instruction in the CDSL system.	After verification, DP shall set up an inter-depository instruction in the CDSL system.
6.6.6.5	DPs should ensure that Inter-depository transactions with execution on current business date are executed first. If the DIS has been received with an execution date not available for processing (e.g. Sunday/trading/system holiday) then the	DPs should ensure that Inter-depository transactions with execution on current business date are executed first. If the DIS has been received with an execution date not available for processing (e.g. Sunday/trading/system holiday) then the

6.6.6.6	DPs can enter the DIS with the next available date for processing.	DPs can enter the DIS with the next available date for processing.
6.6.6.7	All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system.	All future-dated transactions should not have an execution date greater than 10 days from the date of entry/upload on the CDSL system.
6.6.6.8	DPs shall set-up inter-depository instructions in the CDSL system within such business hours as specified by CDSL from time to time.	DPs shall set-up inter-depository instructions in the CDSL system within such business hours as specified by CDSL from time to time.
6.6.6.9	Inter-depository transactions for execution on current business date will be taken up for processing on FIFO (first-in-first-out) basis.	Inter-depository transactions for execution on current business date will be taken up for processing on FIFO (first-in-first-out) basis.
6.6.6.10	If, on the execution date, the delivering account does not have sufficient free balance, the transaction will not be executed and will remain in the "Overdue" status. Transactions with "Overdue" status would be picked up for execution at pre-determined intervals (decided by CDSL from time to time) during the day. If sufficient balance does not come in the account before the Inter depository deadline time of that execution date, such transactions will fail.	If, on the execution date, the delivering account does not have sufficient free balance, the transaction will not be executed and will remain in the "Overdue" status. Transactions with "Overdue" status would be picked up for execution at pre-determined intervals (decided by CDSL from time to time) during the day. If sufficient balance does not come in the account before the Inter depository deadline time of that execution date, such transactions will fail.
6.6.6.11	For all inter-depository transactions accepted by the other depository, the delivering accounts will be debited.	For all inter-depository transactions accepted by the other depository, the delivering accounts will be debited.
6.6.6.12	For all inter-depository transactions rejected by the other depository, proper reason for rejection will be provided.	For all inter-depository transactions rejected by the other depository, proper reason for rejection will be provided.
6.6.6.12	For account holder(s) who have opted for purchase waiver, CDSL system shall automatically process transactions	For account holder(s) who have opted for purchase waiver, CDSL system shall automatically process transactions

<p>6.6.6.13</p>	<p>received from the other depository and credit the accounts of the receiving account holders.</p> <p>For account holder(s) who have not opted for purchase waiver, receipt instructions will have to be given by the account holders to the DPs. In such cases, transactions received from the other depository would be processed only if corresponding matching receipt instructions are found in the CDSL system.</p>	<p>received from the other depository and credit the accounts of the receiving account holders.</p> <p>For account holder(s) who have not opted for purchase waiver, receipt instructions will have to be given by the account holders to the DPs. In such cases, transactions received from the other depository would be processed only if corresponding matching receipt instructions are found in the CDSL system.</p>
<p><u>6.6.7</u></p>	<p><u>Not applicable</u></p>	<p><u>Online DIS (e-DIS)</u></p> <p><u>DPs are given the option to offer the Electronic Delivery Instruction Slip (e-DIS) facility to their clients which permit clients to submit transactions online through their online portal which is equivalent to obtaining the physical or digitally signed DIS from their clients.</u></p> <p><u>Transactions under the e-DIS should be accorded with the following norms:</u></p> <ol style="list-style-type: none"> <u>1) DP will provide the option to client to initiate the transaction and ensure transaction authentication by client through CDSL generated TPIN and OTP from their website through the API Provided by CDSL.</u> <u>2) The DP should have completed all the validations and adhere to all the norms and requirements applicable for the e-DIS facility as specified by CDSL and SEBI from time to time.</u> <u>3) DPs should ensure that timely system audit reports are furnished to CDSL</u>

		<p><u>4) DPs should also ensure that logs and transaction details are maintained and available for audit and inspection.</u></p> <p><u>5) Any adverse reporting in the audit may result in withdrawal of the e-DIS registration by CDSL.</u></p>
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