

MASTER CIRCULAR

CIR/MRD/DP/11/2010

April 6, 2010

To,

All Depositories

Dear Sir / Madam,

Sub: Master Circular for Depositories

Securities and Exchange Board of India (SEBI) has been issuing various circulars from time to time. In order to enable the users to have an access to all the applicable circulars at one place, Master Circular for Depositories has been prepared.

This Master Circular is a compilation of the circulars issued by SEBI up to March 31, 2010 and shall come into force from the date of its issue.

Yours faithfully,

Harini Balaji
Deputy General Manager
022-26449372
harinib@sebi.gov.in

Table of Contents

Section-1 - Beneficial Owner (BO) Accounts

- 1.1 Opening of BO Account by non-body corporates
 - 1.1.1 Proof of Identity (PoI)
 - 1.1.2 Proof of Address (PoA)
- 1.2 Exemptions from and clarifications relating to mandatory requirement of PAN
- 1.3 Fees/Charges to be paid by BO
- 1.4 Transfer of funds and securities from Clearing Member pool account to BO Account
- 1.5 Printing of Grievances Redressal Mechanism on Delivery Instruction Form Book
- 1.6 Exemption to Depository Participants (DPs) from providing hard copies of transaction statements to BOs
- 1.7 Safeguards on transfer of securities in dematerialized mode

Section-2 - Issuer related

- 2.1 Charges to be paid by Issuers
- 2.2 Activation of International Securities Identification Number (ISIN) in case of IPO
- 2.3 Registrar and Transfer Agents
- 2.4 Mandatory admission of debt instruments on both the Depositories
- 2.5 American Depository Receipts (ADRs)/Global Depository Receipts (GDRs)
- 2.6 Electronic Clearing System (ECS) facility
 - 2.6.1 Dividend Distribution
 - 2.6.2 Refund in public/rights issues

Section-3 - Depositories/ Depository Participant (DP) Related

- 3.1 Designated e-mail ID for redressal of investor complaints
- 3.2 Approval of amendments to Bye Laws / Rules of Stock Exchanges and Depositories
- 3.3 Preservation of Records
- 3.4 Foreign investments in infrastructure companies in securities markets
- 3.5 Activity schedule for depositories for T+2 rolling Settlement
- 3.6 Settlement of transactions in case of holidays
- 3.7 Supervision of branches of depository participants
- 3.8 Designated e-mail ID for regulatory communication with SEBI
- 3.9 Disclosure of investor complaints and arbitration details on Depository website

SCHEDULE

Section 1: Beneficial Owner (BO) Accounts

1.1 Opening of BO Account by non body corporates

1.1.1 Proof of Identity (PoI)

1.1.1.1 With effect from July 02, 2007, PAN is the sole identification number for all transactions in the securities market, irrespective of the amount of transaction¹. A copy of the PAN card with photograph may be accepted as Proof of Identity. In this regard, intermediaries shall:-

- I. Put necessary systems in place so that the databases of the clients and their transactions are linked to the PAN details of the client.
- II. Build necessary infrastructure to enable accessibility and query based on PAN thereby enabling retrieval of all the details of the clients.
- III. Collect copies of PAN cards issued to the existing as well as new clients by the Income Tax Department and maintain the same in their record after verifying with the original.
- IV. Cross-check the aforesaid details collected from their clients with the details on the website of the Income Tax Department i.e. <http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp>².

1.1.1.2 For individuals falling under the category exempted from the mandatory requirement of PAN (Para 1.2), a copy of any one of the following may be accepted as Proof of Identity³

- I. Passport
- II. Voter ID Card
- III. Driving license
- IV. PAN card with photograph
- V. Identity card/document with applicant's Photo, issued by
 - a) Central/State Government and its Departments,
 - b) Statutory/Regulatory Authorities,
 - c) Public Sector Undertakings,
 - d) Scheduled Commercial Banks,
 - e) Public Financial Institutions,
 - f) Colleges affiliated to Universities,

¹ Reference circular MRD/DoP/Cir-5/2007 dated April 27, 2007.

² IT Department since changed the link for verification:

<http://incometaxindiaefiling.gov.in/portal/knowpan.do>

³ Reference Circular MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 and circular SMDRP/POLICY/Cir-36 /2000 dated August 4, 2000.

- g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and
- h) Credit cards/Debit cards issued by Banks

1.1.2 Proof of Address (PoA)⁴

A copy of any one of the following documents may be accepted as proof of address:

- I. Ration Card
- II. Passport
- III. Voter ID Card
- IV. Driving license
- V. Bank Passbook
- VI. Verified copies of
 - a) Electricity bills (not more than 2 months old),
 - b) Residence Telephone bills (not more than 2 months old) and
 - c) Lease and License agreement / Agreement for sale.
- VII. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
- VIII. Identity card/document with address, issued by
 - a) Central/State Government and its Departments,
 - b) Statutory/Regulatory Authorities,
 - c) Public Sector Undertakings,
 - d) Scheduled Commercial Banks,
 - e) Public Financial Institutions,
 - f) Colleges affiliated to universities; and
 - g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

DP shall ensure that all documents pertaining to proof of identity and proof of address are collected from all the account holders.⁵ Submission of the aforesaid documents is the minimum requirement for opening a BO Account. DPs must verify the copy of the aforementioned documents with the original before accepting the same as valid. While opening a BO Account, DPs shall exercise due diligence⁶ while establishing the identity of the person to ensure the safety and integrity of the depository system.

1.2 Exemptions from and clarifications relating to mandatory requirement of PAN

⁴ Reference Circular MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 and circular SMDRP/POLICY/Cir-36/2000 dated August 4, 2000.

⁵ Reference Circular MRD/DoP/Dep/Cir-09/06 dated July 20, 2006

⁶ Reference point 5 of part II on 'Customer Due Diligence' of master circular no. ISD/AML/CIR-1/2008 dated December 19, 2008.

1.2.1 Central and State Government and officials appointed by Courts⁷

PAN card may not be insisted upon in case of transactions undertaken on behalf of Central Government and/or State Government and where transactions are conducted by officials appointed by Courts e.g. Official liquidator, Court receiver etc.⁸

However DPs, before implementing the above exemption, shall verify the veracity of the claim of the organizations by collecting sufficient documentary evidence in support of their claim for such an exemption.

1.2.2 Investors in Sikkim⁹

Investors residing in the state of Sikkim are exempted from the mandatory requirement of furnishing PAN card details for their demat accounts.¹⁰ DPs shall verify the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.¹¹

**1.2.3 UN entities and multilateral agencies exempt from paying taxes/
filling tax returns in India¹²**

UN entities/ multilateral agencies exempt from paying taxes/filing tax returns in India are also exempt from the mandatory requirement of submitting their PAN card details, subject to the DPs collecting documentary evidence in support of such claims.

1.2.4 FIIs/Institutional Clients¹³

Custodians shall verify the PAN card details of institutional clients with the original PAN card and provide duly certified copies of such verified PAN details to the brokers. This requirement is applicable in respect of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956.

1.2.5 HUF, Association of Persons (AoP), Partnership Firm, unregistered Trust, Registered Trust, Corporate Bodies, minors, etc.⁹

⁷ Reference Circular MRD/DoP/Cir-20/2008 dated June 30, 2008.

⁸ Reference Rule 114C (1)(c) of Income Tax Rules.

⁹ Reference Circular MRD/DoP/Dep/Cir-09/06 dated July 20, 2006.

¹⁰ Reference Hon'ble High Court of Sikkim judgment dated March 31, 2006.

¹¹ Reference Circular MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

¹² Reference Circular MRD/DoP/Dep/Cir-09/06 dated July 20, 2006.

¹³ Reference Circular MRD/DoP/Dep/SE/Cir-13/06 dated September 26, 2006.

The BO account shall be in the name of natural persons, PAN card details of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained. The PAN number of Registered Trust, Corporate Bodies and minors shall be obtained when accounts are opened in their respective names.

1.2.6 Mismatch in PAN card details, difference in maiden name and current name of investors.⁹

DPs can collect the PAN card proof as submitted by the account holder subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors.¹⁴

1.2.7 NRI/PIOs¹⁵

Citizens of India residing outside India, foreign citizens and other persons (like companies/ trusts/ firms) having no office of their own in India may obtain PAN card based on the copy of their passport as ID proof and a copy of passport/ bank account in the country of residence as address proof, based on the Directorate of Income Tax (Systems) guidelines.¹⁶

1.3 Fees/Charges to be paid by BO

1.3.1 Account opening, custody and credit of securities¹⁷

With effect from February 1, 2005

- I. No investor shall pay any charge towards opening of a Beneficial Owner (BO) Account except for statutory charges as applicable;
- II. No investor shall pay any charge for credit of securities into his/her BO account; and
- III. No custody charge shall be levied on any investor who is opening a BO account.

1.3.2 Account Closure¹⁸

No Account closure charges shall be levied on BO on the closure of any account.

1.3.3 Inter Depository Transfer¹⁹

¹⁴ Reference Circular MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.

¹⁵ Reference Circular MRD/DoP/Dep/SE/Cir-17/06 dated October 27, 2006.

¹⁶ Reference Income Tax (Systems) PAN Circular No. 4 dated October 11, 2006.

¹⁷ Reference Circular MRD/DoP /SE/Dep/Cir-4/2005 dated January 28, 2005.

¹⁸ Reference Circular D&CC/FITTC/CIR - 12/2002 dated October 30, 2002.

Inter-depository transfer of shares does not attract Stamp duty and it does not require compliance with section 108 of the Companies Act 1956.

1.3.4 Transfer of a BO Account²⁰

With effect from January 09, 2006

No charges shall be levied by a depository on any DP and by a DP on any BO when the BO transfers all the securities lying in his account to another branch of the same DP or to another DP under the same depository or another depository, provided the BO Account(s) at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership.

1.3.5 Dissemination of tariff/charge structure of DPs on the website of depositories²¹

DPS shall submit to their depository the tariff/charge structure every year, latest by 30th April, and also inform the depository the changes in their tariff/charge structure as and when they are effected with a view to enabling the BOs to have a comparative analysis of the tariff/charge structure of various DPs.

For this purpose depositories shall put in place necessary systems and procedures including formats, periodicity, etc. for collection of necessary data from the DPs and dissemination of the same on their website which would enable the investors to have a comparative analysis of the tariff/charge structure of various DPs.

1.4 Transfer of funds and securities from Clearing Member pool account to BO Account²²

Clearing members shall transfer the funds and securities from their respective Pool account to the respective beneficiary account of their clients within 1 working day after the pay-out day. The securities lying in the pool account beyond the stipulated period shall attract a penalty at the rate of 6 basis point per week on the value of securities. The penalty so collected by the depositories shall

¹⁹ Reference Circular SMDRP/Policy/Cir-29/99 dated August 23, 1999.

²⁰Reference Circular MRD/DoP/Dep/Cir-22 /05 dated November 9, 2005.

²¹ Reference Circular MRD/Dep/Cir- 20/06 dated December 11, 2006.

²²Reference Circular SMDRP/Policy/Cir-05/2001 dated February 1, 2001 & Circular SEBI/MRD/Policy/AT/Cir-19/2004 dated April 21, 2004.

be credited to a separate account with the depository and earmarked for defraying the expenses in connection with the investors' education and awareness programs conducted by the depository.

The securities lying in the pool account beyond the above period shall not be eligible either for delivery in the subsequent settlement(s) or for pledging or stock lending purpose, until the same are credited to the beneficiary accounts.

The securities lying in the Clearing member's pool account beyond the specified time period shall be identified based on the settlement number. The clearing corporation/houses of the stock exchanges shall provide the settlement-wise details of securities to the depositories and the depositories shall maintain the settlement-wise records for the purpose.

Further, stock exchanges shall execute direct delivery of securities to the investors. Clearing corporation/clearing house (CC/CH) shall ascertain from each clearing member, the beneficial account details of their respective clients due to receive pay out of securities. Based on this, the CC/CH shall send pay out instructions to the depositories so that the client receives pay out of securities directly to the extent of instructions received from the respective clearing members. To the extent of instruction not received, the securities shall be credited to the CM pool account.

1.5 Printing of Grievances Redressal Mechanism on Delivery Instruction Form Book²³

To promote investor awareness regarding mechanism for redressing investor grievances, the information placed below shall be printed on the inside back cover of the Delivery Instruction Form (DIF) Book issued by all Depository Participants.

There will be occasions when you have grievances against a listed company/ intermediary registered with SEBI. In the event of such grievance you should first approach the concerned company/ intermediary against whom you have a grievance. However, you may not be satisfied with their response.

Therefore you should know whom you should turn to get your grievance redressed. SEBI takes up grievances related to issue and transfer of securities and non-payment of dividend with listed Companies. In addition, SEBI also takes up grievances against the various intermediaries registered with it and related issues. Given below are types of grievances for which you could approach SEBI.

²³ Reference Circular No. SEBI/MRD/DOP/Cir-22/2004 dated July 14, 2004.

Nature of grievance - Regarding	
Type-I: Refund order/ Allotment Advice	Type-II: Non-receipt of dividend.
Type-III: Non-receipt of share certificates after transfer	Type-IV: Debentures
Type-V: Non-receipt of letter of offer for rights	Type VI: Collective Investment Schemes
Type VII: Mutual Funds/ Venture Capital Funds/ Foreign Venture Capital Investors/ Foreign Institutional Investors/ Portfolio Managers, Custodians	Type VIII: Brokers/Debenture Trustees /Depository Participants/ Merchant Bankers /Registrars and Transfer Agents / Bankers to Issue/ Underwriters/ Credit Rating Agencies/ Securities lending Intermediaries
Type IX: Exchanges/ Clearing and Settlement Organizations/ Depositories	Type X: Derivative Trading
Type XI: Buyback /Delisting /Substantial Acquisition /Takeovers /Corporate Governance /Corporate Restructuring /Compliance with Listing Conditions	
<p><i>For faster action send Type I to Type XI complaints, to the OIAE Division of SEBI at Mumbai or Regional Offices at the following addresses:</i></p>	
Address of SEBI Offices	
SEBI, Head Office, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. ☎ 022-26449000 / 40459000 (iggc@sebi.gov.in)	
Office of Investor Assistance and Education, SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 021 ☎ 022-26449188 / 26449199 (investorcomplaints@sebi.gov.in)	
SEBI, Northern Regional Office, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi - 110 001 ☎ 011- 23724001-05 (sebinro@sebi.gov.in)	
SEBI, Eastern Regional Office, L&T Chambers, 3rd Floor, 16, Camac Street, Kolkata - 700 016 ☎ 033-23023000. (sebiero@sebi.gov.in)	
SEBI, Southern Regional Office, 3 rd Floor, D Monte Bldg, No. 32, D' Monte Colony, TTK Road, Alwarpet, Chennai 600 018 ☎ 044-24995676/5525/7385/7480 (sebisro@sebi.gov.in)	
SEBI, Ahmedabad Regional, Office Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge Ashram Road, Ahmedabad - 380 009 Tel : 079-26583633-35 E-mail : sebiaro@sebi.gov.in	

The following types of grievances should be taken up with:

With the Stock Exchange: At the Investor Information Centre of all the recognised Stock Exchanges

- | | |
|--|---|
| <ul style="list-style-type: none"> • Related to securities traded/listed with the exchanges | <input type="checkbox"/> Trades effected on the exchange w.r.t the companies listed on it or by the members of exchange |
|--|---|

With the Department Of Company Affairs (DCA/ concerned Registrar of Companies (ROC)

- | | |
|--|--|
| <ul style="list-style-type: none"> • Against unlisted companies • For non-receipt of annual report, AGM Notice | <input type="checkbox"/> Fixed deposit in manufacturing companies
<input type="checkbox"/> Forfeiture of shares |
|--|--|

With the Reserve Bank of India

- | | |
|---|--|
| <ul style="list-style-type: none"> • Fixed deposits in Banks | <input type="checkbox"/> Fixed deposits in Non Banking Finance Companies |
|---|--|

For more information visit our website – <http://investor.sebi.gov.in>

The following types of grievances should be taken up with:

With the Stock Exchange: At the Investor Information Centre of all the recognised Stock Exchanges

- | | |
|--|---|
| <ul style="list-style-type: none"> • Related to securities traded/listed with the exchanges | <input type="checkbox"/> Trades effected on the exchange w.r.t the companies listed on it or by the members of exchange |
|--|---|

With the Department Of Company Affairs (DCA/ concerned Registrar of Companies (ROC)

- | | |
|--|--|
| <ul style="list-style-type: none"> • Against unlisted companies • For non-receipt of annual report, AGM Notice | <input type="checkbox"/> Fixed deposit in manufacturing companies
<input type="checkbox"/> Forfeiture of shares |
|--|--|

With the Reserve Bank of India

- | | |
|---|--|
| <ul style="list-style-type: none"> • Fixed deposits in Banks | <input type="checkbox"/> Fixed deposits in Non Banking Finance Companies |
|---|--|

For more information visit our website – <http://investor.sebi.gov.in>

1.6 *Exemption to DPs from giving hard copies of transaction statements to BOs*²⁴

DPs are permitted to provide transaction statements and other documents to the BOs under Digital signature, as governed under the Information Technology Act, 2000, subject to the DP entering into a legally enforceable arrangement with the BO for the said purpose. While such practice in the aforesaid manner shall be

²⁴ Reference Circular MRD/DoP/Dep/Cir-27/2004 dated August 16, 2004.

deemed to be in compliance of the provisions of the Regulation 43 of SEBI (Depositories & Participants) Regulations, 1996; if the BO is still desirous of receiving statements in hard copy, DPs shall be duty bound to provide the same.

1.7 Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode²⁵

Following safeguards shall be put in place to address the concerns of the investors arising out of transfer of securities from the BO Accounts:

- a. The depositories shall give more emphasis on investor education particularly with regard to careful preservation of Delivery Instruction Slip (DIS) by the BOs. The Depositories may advise the BOs not to leave "blank or signed" DIS with the Depository Participants (DPs) or any other person/entity.
- b. The DPs shall not accept pre-signed DIS with blank columns from the BO(s).
- c. If the DIS booklet is lost / stolen / not traceable by the BO, then the BO shall immediately intimate the DP in writing about the loss. On receipt of such intimation, the DP shall cancel the unused DIS of the said booklet.
- d. The DPs shall not issue more than 10 loose DIS to one account holder in a financial year (April to March). The loose DIS can be issued only if the BO(s) come in person and sign the loose DIS in the presence of an authorised DP official
- e. The DP shall also ensure that a new DIS booklet is issued only on the strength of the DIS instruction request slip (contained in the previous booklet) duly complete in all respects, unless the request for fresh booklet is due to loss, etc., as referred to in clause (c) above
- f. The DPs shall put in place appropriate checks and balances with regard to verification of signatures of the BOs while processing the DIS.

²⁵ Reference Circular SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007 and Circular SEBI/MRD/Dep/Cir-03/2008 dated February 28, 2008.

- g. The DPs shall cross check with the BOs under exceptional circumstances before acting upon the DIS.
- h. The DPs shall mandatorily verify with a BO before acting upon the DIS, in case of an account which remained inactive i.e., where no debit transaction had taken place for a continuous period of 6 months, whenever all the ISIN balances in that account (irrespective of the number of ISINs) are transferred at a time. However, in case of active accounts, such verification may be made mandatory only if the BO account has 5 or more ISINs and all such ISIN balances are transferred at a time. The authorized official of the DP verifying such transactions with the BO, shall record the details of the process, date, time, etc., of the verification on the instruction slip under his signature.

SECTION 2: ISSUER RELATED

2.1 *Charges paid by Issuers* ²⁶

With effect from April 01, 2009 depositories may levy and collect the charges towards custody from the issuers, on a per folio (ISIN position) basis as at the end of the financial year, as per the details given below:

Issuers to pay @ Rs.8.00 (*) per folio (ISIN position) in the respective depositories, subject to a minimum as mentioned below:

<i>Nominal value of admitted securities (Rs.)</i>	<i>Annual Custodial Fee payable by a Issuer to each Depository (Rs.) (*)</i>
Upto 5 crore	6,000
Above 5 crore and upto 10 crore	15,000
Above 10 crore and upto 20 crore	30,000
Above 20 crore	50,000

* Plus service tax as applicable

If the issuer fails to make the payment, Depositories may charge penal interest subject to a maximum of 12% per annum.

2.2 *Activation of ISIN in case of IPO*²⁷

Depositories shall activate the ISINs only on the date of commencement of trading on the stock exchanges.

2.3 *Registrar and Share Transfer Agent*

2.3.1 *Appointment of a single agency for share registry work*²⁸

All work related to share registry pertaining in terms of both physical and electronic shares shall be maintained at a single point i.e. either in-house by the company or by a SEBI registered Registrar and Transfer Agent.

2.3.2 *Inter-Depository transfers*²⁹

²⁶ Reference Circular MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009 and Circular SEBI/MRD/SE/DEP/Cir-4/2005 dated January 28, 2005.

²⁷ Reference Circular SEBI/MRD/DEP/Cir-2/06 dated January 19, 2006.

²⁸ Reference Circular D&CC/FITTC/Cir-15/2002 dated December 27, 2002.

In case of inter-Depository transfers of securities, the Registrars shall communicate the confirmation of such transfers within two hours, failing which such transfers shall be deemed to have been confirmed. The Registrars shall not reject inter-Depository transfers except where

- or
- a. A Depository does not have adequate balance of securities in its account
 - b. There is mismatch of transfer requests from the Depositories.

2.3.3 Common Registrars and Share Transfer agents³⁰

Every company shall appoint the same Registrars and Share Transfer agents for both the depositories.

2.3.4 Dematerialisation requests²⁹

Registrars and Share Transfer agents shall accept partial dematerialisation requests and will not reject or return the entire dematerialization request where only a part of the request had to be rejected. In cases where a DP has already sent information about dematerialisation electronically to a Registrar but physical shares have not yet been delivered, the Registrar shall accept the demat request and carry out dematerialization on an indemnity given by the DP and proof of dispatch of document given by DP.

2.4 Mandatory admission of debt instruments on both the Depositories³¹

Debt instruments shall necessarily be admitted on both the Depositories.

2.5 American Depository Receipts (ADRs)/Global Depository Receipts (GDRs)

2.5.1 Delivery of underlying shares of GDRs/ADRs in dematerialised form³²

Underlying shares of GDRs/ADRs shall be compulsorily delivered in dematerialised form. Pursuant to RBI directions in this regard, a non-resident holder of ADRs/GDRs issued by a company registered in India, on surrender of such ADRs/GDRs, can acquire the underlying shares when such shares are released by the Indian Custodian of the ADR/GDR issue.

²⁹ Reference Circular no. SMDRP/Policy/Cir-28/99 dated August 23, 1999.

³⁰ Reference Circular SMDRP/Policy/Cir-28/99 dated August 23, 1999.

³¹ Reference Circular D&CC/FITC/Cir-13/2002 dated November 1, 2002 and Circular MRD/DoP/SE/Dep/Cir-36/04 dated October 27, 2004.

³² Reference Circular SMDRP/Policy/Cir-9/99 dated May 6, 1999.

Further, the company whose shares are so released, or a Depository shall enter in the register or books, wherein such securities are registered or inscribed, an address outside India of the non-resident holder of shares.

2.5.2 Tracking of underlying shares of GDRs/ADRs³³

To ensure easy tracking of the underlying shares released on conversion of the “depositories receipts” all such shares shall be credited to a separate Depository Receipts (DRs) account of the respective investor. In this regard, Depositories shall ensure that the following information is provided to the domestic custodian holding the underlying shares on a regular basis:

1. Total number of shares at the beginning of the month
2. Number of shares transferred into the account (credited) during the month
3. Number of shares transferred out of the account (debited) during the month.
4. Balance at the end of the month.

This service can be availed of only by foreign investors other than the OCBs.

2.6 Electronic Clearing System (ECS) facility

2..6.1 Dividend Distribution³⁴

Companies shall use ECS facility for distribution of dividends and other cash benefits to the investors. If ECS facility is not available, companies may use warrants for distribution of dividends. In order to avoid fraudulent encashment of dividend and other cash benefits, all companies shall print the bank account details, furnished by the Depositories, on the payment instruments.

2..6.2 Use of ECS for refund in public/rights issues.³⁵

For locations where facility of refund through ECS is available details of applicants shall be taken directly from the database of the depositories in respect of issues made completely in dematerialised form. Accordingly, DPs shall maintain and update on real time basis the MICR (Magnetic Ink

³³ Reference Circular D&CC/FITTC/Cir-09/2002 dated July 4, 2002 and Circular D&CC/FITTC/Cir-10/2002 dated September 25, 2002.

³⁴ Reference Circular D&CC/FITTCIR-3/2001 dated October 15, 2001 and Circular D&CC/FITTC/Cir- 04/2001 dated November 13, 2001.

³⁵ Reference Circular SEBI/MRD/DEP/Cir-3/06 dated February 21, 2006 and circular SEBI/CFD/DILDIP/29/2008/01/02 dated February 1, 2008 and Letter no. MRD/DEP/PP/123624/08 dated April 23, 2008.

Character Recognition) code of Bank branch of BOs and other bank details of the applicants in the database of depositories. This is to ensure that the refunds through ECS are made in a smooth manner and that there are no failed/wrong credits.

SECTION-3: DEPOSITORIES/ DEPOSITORY PARTICIPANT (DP) RELATED

3.1 Designated e-mail ID for redressal of investor complaints³⁶

Depositories and registered DPs shall designate an exclusive e-mail ID for the grievance redressal division/compliance officer exclusively for registering investor complaints.

The designated email ID and other relevant details shall be prominently displayed on the websites and in the various materials/pamphlets/advertisement campaigns initiated by the Depositories and DPs for creating investor awareness.

3.2 Approval of amendments to Bye Laws / Rules of Stock Exchanges and Depositories³⁷

Depositories and exchanges shall submit the following information while seeking SEBI approval for amendment to Bye Laws/ Rules/ Regulations and amendments thereto:

- i The objective/purpose of amendments.
- ii Whether the amendment is consequential to any directive/circulars/guidelines from SEBI/ Government and the details thereof.
- iii Whether such amendments necessitate any consequential amendments to any other Bye Laws/ Rules/ Regulations.
- iv The proceedings of the Governing Board or Governing Council, as the case may be, wherein these proposed amendments were approved by the Exchanges/ Depositories.
- v If documents other than Bye Laws/ Rules/ Regulations are sent for approval, the justification and need for forwarding the same to SEBI, indicating whether it forms a part of any Bye Law/ Rule/ Regulation.

Further, all Exchanges shall ensure that requests for dispensation of the requirement of pre-publication shall be accompanied with proper justification and indicate how the public interest or interest of trade shall be served by such dispensation of pre-publication.

3.3 Preservation of Records³⁸

³⁶ Reference Circular MRD/DoP/Dep/SE/Cir-22/06 dated December 18, 2006.

³⁷ Reference Circular LGL/Cir-2/2003 dated February 19, 2003.

- i. Depositories and Depository Participants are required to preserve the records and documents for a minimum period of 5 year.
- ii. Depositories and DPs shall preserve respective original forms of documents either in physical form or an electronic record, copies of which have been taken by CBI, Police or any other enforcement agency during the course of their investigation till the trial is completed.

3.4 Foreign investments in infrastructure companies in securities markets³⁹

Pursuant to Government of India Policy, foreign investments in infrastructure companies in the securities markets, namely Stock Exchanges, Depositories and Clearing Corporations shall be as under:

- a) Foreign investment shall be allowed in such companies up to 49% with a separate Foreign Direct Investment (FDI) cap of 26% and Foreign Institutional Investment (FII) cap of 23%;
- b) FDI shall be allowed with specific prior approval of FIPB;
- c) FII shall be allowed only through purchases in the secondary market;
- d) FII shall not seek and will not get representation on the Board of Directors;
- e) No foreign investor, including persons acting in concert, will hold more than 5% of the equity in these companies.

The aforesaid limits for foreign investment in respect of recognised Stock Exchanges shall be subject to 5% shareholding limit as prescribed under the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.

3.5 Activity schedule for depositories for T+2 rolling Settlement⁴⁰

The activity schedule for T+2 Rolling Settlement is as under:

Sr. No.	Day	Time	Description of activity
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³⁸Reference Circular SEBI/MRD/DEP/Cir-24/05 dated December 22, 2005, circular SEBI/MRD/SE/Cir-16/2005 dated August 04, 2005 and circular MRD/DoP/DEP/Cir- 20 /2009 dated December 9, 2009.

³⁹ Reference Circular MRD/DSA/SE/Dep/Cust/Cir-23/06 dated December 22, 2006.

⁴⁰Reference Circular DCC/FITTC/Cir-19/2003 dated March 4, 2003 and Circular MRD/DoP/SE/Dep/Cir-18/2005 dated September 2, 2005.

1	T		Trade Day
2	T+1	By 1.00 pm	Completion of custodial confirmation of trades to CC/CH. (There is no separate extended time limit for late confirmations).
		By 2.30 pm	Completion of process and download obligation files to brokers/ custodians by the CC/CH.
3	T+2	By 11.00 am	Pay-in of securities and funds.
		By 1.30 pm	Pay-out of securities and funds.

All Depositories shall adhere to the aforementioned activity schedule to implement T+2 rolling settlement. DPs shall adhere to the designated activities within the prescribed time limits as under:

1. DPs shall accept instructions for pay-in of securities from clients in the physical form atleast upto 4 p.m. and in electronic form atleast upto 6 p.m. on T+1.
2. DPs shall complete execution of pay-in instructions latest by 10:30 am on T+2.
3. Depositories shall download the processed pay-in files to the Exchange / Clearing House / Clearing Corporation latest by 11:00 a.m. on T+2.
4. Pay-out of securities by the Exchange / Clearing House / Clearing Corporation to the Depositories shall be executed by 1:30 p.m. on T+2.
5. Pay-out of securities shall be completed by the Depositories by 2:00 p.m. on T+2.

All instructions received by the DPs shall have an execution date, which may be either a current date or a future date. Instructions shall be valid till the pay-in deadline or till 'end of day' (EOD) of the execution date, whichever is earlier. DPs shall ensure that the validity period of instructions is brought to the notice of the client while accepting the instructions. In case the client account does not have sufficient balance before pay-in deadline or till EOD, such instructions shall fail.

3.6 Settlement of transactions in case of holidays⁴¹

Due to lack of uniformity of holidays and force majeure conditions which necessitate sudden closure of one or more Stock Exchanges and banks in a particular state, result in situations where multiple settlements have to be completed by the Stock Exchanges on the working day immediately following the day(s) of the closure of the banks. Accordingly the Stock Exchanges/Depositories are advised to follow the guidelines and adhere to the

⁴¹ Reference Circular SEBI/MRD/Policy/AT/Cir- 19/2004 dated April 21, 2004

time line.

- The Stock Exchanges shall clear and settle the trades on a sequential basis i.e., the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement/s.
- The cash/Securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement/s.
- Further, in-order to meet his pay-in obligations for the subsequent settlement, the member may need to move securities from one depository to another. The Depositories shall, therefore, facilitate the inter-depository transfers within one hour and before pay-in for the subsequent settlement begins.
- The Stock Exchanges/Depositories shall follow a strict time schedule to ensure that the settlements are completed on the same day.
- The Clearing Corporation/Clearing House of the Stock Exchanges shall execute Auto DO facility for all the settlements together, so as to make the funds and the securities available with the member on the same day for all the settlements, thereby enabling the availability of the funds/securities at the client level by the end of the same day.

3.7 Supervision of branches of DPs⁴²

To ensure compliance with Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996, and Clause 19 of the Code of Conduct for Participants contained in the Third Schedule to the Regulations the DP shall ensure that it has satisfactory internal control procedure in place, inclusive of their branch offices. DPs are therefore required in terms of these provisions to put in place appropriate mechanisms to ensure that their branches are carrying on the operations in compliance with the applicable regulations, bye-laws, etc. DPs are also required to put in place suitable internal control systems to ensure that all branches exercise due diligence in opening accounts, complying with KYC requirements, in ensuring systems safety in complying with client instructions, manner of uploading client instructions, in verifying signatures and maintaining client records, etc. DPs shall also ensure that the branches are suitably integrated.

Depositories shall examine the adequacy of the above mechanisms during their inspections of DPs. The Depositories shall also carry out surprise inspections/checks of the DP branches apart from the regular inspection of the DPs. Depositories shall also put in place appropriate mechanisms for monitoring opening of branches by DPs.

⁴² Reference Circular MIRSD/DPS-III/Cir-9/07 dated July 3, 2007.

3.8 Designated e-mail ID for regulatory communication with SEBI⁴³

Depositories shall create a designated e-mail id for regulatory communication and inform it to SEBI. This e-mail id shall be exclusive and shall not be person-centric.

3.9 Disclosure of investor complaints and arbitration details on Depository website⁴⁴

Depositories shall disclose the details of complaints lodged by Beneficiary Owners (BO's)/ investors against Depository Participants (DPs) in their website. The aforesaid disclosure shall also include details pertaining to arbitration and penal action against the DPs.

The format for the reports for the aforesaid disclosure consists of the following reports:

- a. Report 1A: Complaints received against DPs during 2009-10
- b. Report 1B: Redressal of Complaints received against DPS during 2008-09
- c. Report 1C: Redressal of Complaints received against DPs during 2009-10
- d. Report 2A: Details of Arbitration Proceedings (where Investor is a party) during 2008-09:
- e. Report 2B: Details of Arbitration Proceedings (where Investor is a party) during 2009-10
- f. Report 3A: Penal Actions against DPs during 2008-09
- g. Report 3B: Penal Actions against DPs during 2009-10
- h. Report 4A: Redressal of Complaints lodged by investors against Listed Companies during 2008 -09
- i. Report 4B: Redressal of Complaints lodged by investors against Listed Companies during 2009 -10

⁴³ Reference Circular MIRSD/DPS- III/Cir-23/08 dated July 25, 2008.

⁴⁴ Reference Circular SEBI/MRD/ OIAE/ Dep/ Cir- 4/2010 dated January 29, 2010.



भारतीय प्रतिभूति और विनियोग बोर्ड Securities and Exchange Board of India

Report 1A: Complaints received against Depository Participants (DPs) # during 2009-10: Updated on mmm dd yyyy (to be updated weekly) (In excel sheet)

including against its authorized persons, employees, etc.

Status date is the date of resolution/reference to arbitration/finding it non-actionable. If under process, it is the date of updation of this sheet.

*/** As per Table 1A



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

**Report 1B: Redressal of Complaints received against Depository Participants (DPs) during 2008-09: Updated on
mmm dd yyyy (to be updated every quarter) (In excel sheet)**

Sl. No.	Name of the DP	Status of DP (active/ inactive/ in process of termination /withdrawal)	No. of BOs accounts at the beginning of the year	No. of Complaints received against the DP *	Of the Complaints received during 2008-09							
					No. of Complaints							
					Resolved through the Depository	Non actionable**	Arbitrat ion Advise d	Pending for redressal with Depository	No. of Arbitrati on filed by BOs	Decide d by the Arbitrat ors	Decided by Arbitrator s in favour of the BOs	Pending for Redressal with Arbitrators
1												
2												
3												
N												
Total												

*including against its authorized persons, employees, etc.

****Non actionable** means the complaint that are incomplete / outside the scope of Depository
 (Arrange the DPs in descending number of complaints filed against them during the period)



**Report 1C: Redressal of Complaints received against Depository Participants (DPs) during 2009-10: Updated on mmm dd yyyy
 (to be updated every quarter) (In excel sheet)**

Sl. No . .	Name of the DP	Status of DP (active/ inactive/ in process of termination /withdrawal)	No. of BOs accounts at the beginning of the year	No. of Complaints received against the DP * .	Of the Complaints received during 2008-09						
					No. of Complaints						
Resolved through the Depository	Non actionable**	Arbitrat ion Advise d	Pending for redressal with Depository	No. of Arbitrati on filed by BOs	Decide d by the Arbitrat ors	Decided by Arbitrator s in favour of the BOs	Pending for Redressal with Arbitrators				
1											
2											
3											
N											

*including against authorized persons, employees, etc.

****Non actionable** means the complaint that are incomplete / outside the scope of Depository
 (Arrange the DPs in descending number of complaints filed against them during the period)



Report 2A: Details of Arbitration Proceedings (where BO is a party) during 2008-09: Updated on mmm dd yyyy (to be updated every quarter) (In excel sheet)

Sl. No.	Name of Arbitrator	No. of Awards Passed	No. of Awards in favor of BOs		No. of Awards appealed	No. of Awards Implemented	No. of cases pending for redressal at the end of period		
			Filed by DP	Filed by BO			Pending	For more than 6 months	For more than 3 months, but less than 6 months
1									
2									
3									
N									
Total									

(In case of panel of arbitrators, the cases / awards would appear against every member of the panel)
 (Arrange the arbitrators in descending number of awards passed by them during the period)



Report 2B: Details of Arbitration Proceedings (where BO is a party) during 2009-10: Updated on mmm dd yyyy (to be updated every quarter) (In excel sheet)

Sl. No.	Name of Arbitrator	No. of Awards Passed	No. of Awards in favor of BOs		No. of Awards appealed	No. of Awards Implemented	No. of cases pending for redressal at the end of period		
			Filed by DP	Filed by BO			Pending	For more than 6 months	For more than 3 months, but less than 6 months
1									
2									
3									
N									
Total									

(In case of panel of arbitrators, the cases / awards would appear against every member of the panel)
 (Arrange the arbitrators in descending number of awards passed by them during the period)



Report 3A: Penal Actions against Depository Participants (DPs) during 2008-09: Updated on mmm dd yyyy (to be updated every quarter) (in excel sheet)

Sl. No.	Name of DP	Registration No.	No. of Complaints received	Action against DP, its authorized person and employees together			
				No. of Penal Orders issued		Monetary Penalties levied (Rs. lakh)	No. of Arbitration Awards issued against DP
				For complaints	For others	For complaints	
1							
2							
3							
N							



Report 3B: Penal Actions against Depository Participants (DPs) during 2009-10: Updated on mmm dd yyyy (to be updated every quarter) (in excel sheet)

Sl. No.	Name of DP	Registration No.	No. of Complaints received	Action against DP, its authorized person and employees together			
				No. of Penal Orders issued		Monetary Penalties levied (Rs. lakh)	No. of Arbitration Awards issued against DP
				For complaints	For others	For complaints	
1							
2							
3							
N							



**Report 4A: Redressal of Complaints lodged by investors against Listed Companies during 2008 -09: Updated on mmm dd yyyy
(to be updated every quarter) (In excel format)**

Sl. No.	Name of the Company	No. of Complaints			
		Received	Redressed through Depository	Non-Actionable*	Pending for Redressal with Depository
1					
2					
3					
N					
Total					

***Non actionable** means the complaint that are incomplete / outside the scope of Depository
(Arrange the companies in descending number of complaints filed against them during the period)



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Report 4B: Redressal of Complaints lodged by investors against Listed Companies during 2009 -10: Updated on mmm dd yyyy
(to be updated every quarter) (In excel format)

Sl. No.	Name of the Company	No. of Complaints				
		Received	Redressed through Depository	Non-Actionable*	Pending for Redressal with Depository	
1						
2						
3						
N						
Total						

***Non actionable** means the complaints that are incomplete / outside the scope of Depository
(Arrange the companies in descending number of complaints filed against them during the period)

Table 1 A

Type	Details
Type I	Account Opening Related
I a	Denial in opening an account
I b	Account opened in another name than as requested
I c	Non receipt of Account Opening Kit
I d	Delay in activation/ opening of account
I e	Non Receipt of copy of DP Client Agreement/Schedule A of Charges
Type II	Demat/Remat Related
II a	Delay in Dematerialisation request processing
II b	Delay in Rematerialisation request processing
II c	Delay in/ Non-Receipt of Original certificate after demat rejection
II d	Non Acceptance of demat/remat request
Type III	Transaction Statement Related
III a	Delay in/ Non-Receipt of Statements from DP
III b	Discrepancy in Transaction statement
Type IV	Improper Service Related
IV a	Insistence on Power of Attorney in its favour
IV b	Deactivation/ Freezing/ Suspension related
IV c	Defreezing related
IV d	Transmission Related
IV e	Pledge Related
IV f	SMS Related
IV g	Non-updation of changes in account (address/ signatories/bank details/ PAN/ Nomination etc.)
Type V	Charges Related
V a	Wrong/ Excess Charges
V b	Charges paid but not credited
V c	Charges for Opening/closure of Account
Type VI	Delivery Instruction Related (DIS)
VI a	Non acceptance of DIS for transfer
VI b	Delay in/ non Execution of DIS
VI c	Delay in Issuance / Reissuance of DIS Booklet
Type VII	Closure
VII a	Non closure/ delay in closure of account
VII b	Closure of a/c without intimation by DP
Type VIII	Manipulation/ Unauthorised Action
VIII a	Unauthorised Transaction in account
VIII b	Manipulation
VIII c	Unauthorised changes in account (address/ signatories/bank

	details/PAN etc.)
Type IX	Company/ RTA related
IX a	Action – Cash
IX b	Action – Non-Cash
IX c	Initial Public Offer/ Follow-on Public Offer Related
Type X	Others

** Status	
Type	Description
I	Non actionable
I a	Complaint incomplete
I b	Outside the scope of Depository
I c	Pertains to non-responding company.
II	Resolved
III	Under Process
IV	Referred to Arbitration
V	Forwarded to Company/RTA for appropriate action.

SCHEDULE

- SMDRP/Policy/Cir-28/99 dated August 23, 1999
- SMDRP/POLICY/Cir-36/2000 dated August 4, 2000
- SMDRP/Policy/Cir-05/2001 dated February 1, 2001
- D&CC/FITTC/CIR-3/2001 dated October 15, 2001
- D&CC/FITTC/Cir- 04/2001 dated November 13, 2001
- D&CC/FITTC/Cir-09/2002 dated July 4, 2002
- D&CC/FITTC/Cir-10/2002 dated September 25, 2002
- D&CC/FITTC/CIR - 12/2002 dated October 30, 2002
- D&CC/FITTC/Cir-13/2002 dated November 1, 2002
- D&CC/FITTC/Cir-15/2002 dated December 27, 2002
- LGL/Cir-2/2003 dated February 19, 2003
- DCC/FITTC/Cir-19/2003 dated March 4, 2003
- SEBI/MRD/Policy/AT/Cir-19/2004 dated April 21, 2004
- SEBI/MRD/DOP/Cir-22/2004 dated July 14, 2004
- MRD/DoP/Dep/Cir-27/2004 dated August 16, 2004
- MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004
- MRD/DoP/SE/Dep/Cir-36/04 dated October 27, 2004
- SEBI/MRD/SE/DEP/Cir-4/2005 dated January 28, 2005
- SEBI/MRD/SE/Cir-16/2005 dated August 04, 2005
- MRD/DoP/SE/Dep/Cir-18/2005 dated September 2, 2005
- MRD/DoP/Dep/Cir-22 /05 dated November 09, 2005
- SEBI/MRD/DEP/Cir-24/05 dated December 22, 2005
- SEBI/MRD/DEP/Cir-2/06 dated January 19, 2006
- SEBI/MRD/DEP/Cir-3/06 dated February 21, 2006
- MRD/DoP/Dep/Cir-09/06 dated July 20, 2006
- MRD/DoP/Dep/SE/Cir-13/06 dated September 26, 2006
- MRD/DoP/Dep/SE/Cir-17/06 dated October 27, 2006
- MRD/Dep/Cir- 20/06 dated December 11, 2006
- MRD/DoP/Dep/SE/Cir-22/06 dated December 18, 2006
- MRD/DSA/SE/Dep/Cust/Cir-23/06 dated December 22, 2006
- SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007
- MRD/DoP/Cir- 5/2007 dated April 27, 2007
- MIRSD/DPS-III/Cir-9/07 dated July 3, 2007
- SEBI/CFD/DILDIP/29/2008/01/02 dated February 1, 2008
- SEBI/MRD/Dep/Cir-03/2008 dated February 28, 2008
- MIRSD/DPS- III/Cir-23/08 dated July 25, 2008
- MRD/DoP/Cir-20/2008 dated June 30, 2008
- MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009
- SEBI/MRD/ OIAE/ Dep/ Cir- 4/2010 dated January 29, 2010