



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2025/45

January 20, 2025

AMENDMENTS TO DP OPERATING INSTRUCTIONS VARIOUS CHAPTERS

DPs are advised to note that amendments have been incorporated in CDSL's DP Operating Instructions [OI] various Chapters to amend the SEBI (Depositories and Participants) Regulations, 2018 from SEBI (Depositories and Participants) Regulations, 1996 as per SEBI notification dated October 03, 2018 (last amended on May 10, 2024).

The said amendments to the DP OI are provided in track changes mode in attached **Annexure A and Annexure 2.7**.

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: dprtasupport@cdslindia.com and connect through our IVR Number 022-62343333.

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

sd/-

Nilesh Shah
Asst. Vice President – Operations

Sr. No.	1. Chapter- ACCOUNT TYPES WITHIN CDSL	
	Existing Process	New Process
1.3	Reference to Law	Reference to Law
1.3.3	SEBI (Depositories & Participants) Regulations, 1996 <ul style="list-style-type: none"> • Regulation 42 : Separate accounts. • Regulation 43: Statement of accounts • Regulation 44: Transfer or withdrawal by Beneficial Owner. • Regulation 47: Reconciliation • Regulation 49: Record of services • Regulation 51: Records to be maintained Depository-wise. 	SEBI (Depositories & Participants) Regulations, 19962018 <ul style="list-style-type: none"> • Regulation 4259 : Separate accounts. • Regulation 4360: Statement of accounts • Regulation 4461: Transfer or withdrawal by Beneficial Owner. • Regulation 4764: Reconciliation • Regulation 4966: Record of services • Regulation 5168: Records to be maintained Depository-wise.

	2. ACCOUNT OPENING	
2.1.2.	Reference to Law	Reference to Law
2.1.2.2	SEBI (Depositories and Participants) Regulations, 1996 <ul style="list-style-type: none"> • Regulation 26: Rights and Obligations of Depositories. • Regulation 42: Separate accounts. • Regulation 43: Statement of accounts. • Regulation 44: Transfer or withdrawal by beneficial owner. • Regulation 45: Connectivity. • Regulation 46: Monitoring, reviewing & evaluating internal systems and controls. • Regulation 47 : Reconciliation. • Regulation 49: Records of services. • Regulation 50: Manner of keeping records. • Regulation 51: Records to be maintained Depository-wise. • Regulation 52: Prohibition of assignment 	SEBI (Depositories and Participants) Regulations, 19962018 <ul style="list-style-type: none"> • Regulation 26 <u>40</u>: Rights and Obligations of Depositories. • Regulation 42 <u>59</u>: Separate accounts. • Regulation 43 <u>60</u>: Statement of accounts. • Regulation 44 <u>61</u>: Transfer or withdrawal by beneficial owner. • Regulation 45: Connectivity. • Regulation 46 <u>48</u>: Monitoring, reviewing & evaluating internal systems and controls. • Regulation 47 <u>64</u> : Reconciliation. • Regulation 49 <u>66</u>: Records of services. • Regulation 50 <u>67</u>: Manner of keeping records. • Regulation 51 <u>68</u>: Records to be maintained Depository-wise. • Regulation 52 <u>69</u>: Prohibition of assignment

2.10.2	<p>All the above documents related to account opening activity shall be maintained as long as the account is active and, subsequently, for a minimum period of 8 years or any such period as specified by SEBI/CDSL/ Prevention of Money Laundering Act 2002, whichever is higher, after the account is closed and subject to any other law in force for the time being.</p> <p>It is noticed that enforcement agencies like CBI, Police, Crime Branch, etc. have been collecting copies of the various records/documents during the course of their investigations. These original documents both in physical form and electronic form would be required by such enforcement agencies during trial of the case also.</p> <p>In view of the above, notwithstanding anything contained in D&P Regulations, 1996, DPs are advised to preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till it is confirmed that the trial is completed.</p>	<p>All the above documents related to account opening activity shall be maintained as long as the account is active and, subsequently, for a minimum period of 8 years or any such period as specified by SEBI/CDSL/ Prevention of Money Laundering Act 2002, whichever is higher, after the account is closed and subject to any other law in force for the time being.</p> <p>It is noticed that enforcement agencies like CBI, Police, Crime Branch, etc. have been collecting copies of the various records/documents during the course of their investigations. These original documents both in physical form and electronic form would be required by such enforcement agencies during trial of the case also.</p> <p>In view of the above, notwithstanding anything—contained in SEBI (Depositories and Participants) Regulations, 2018 & D & P Regulations, 1996, DPs are advised to preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till it is confirmed that the trial is completed.</p>
	3. <u>ACCOUNT ADMINISTRATION AND MAINTENANCE</u>	
3.2	<p>SEBI (Depositories and Participants) Regulations, 1996 -</p> <ul style="list-style-type: none"> Regulation 47 : Reconciliation. 	<p>SEBI (Depositories and Participants) Regulations, 19962018 -</p> <ul style="list-style-type: none"> Regulation 47-64 : Reconciliation.

	<ul style="list-style-type: none"> • Regulation 49 : Record of Services. • Regulation 50 : Manner of keeping records. • Regulation 51 :Records to be maintained Depository-wise. 	<ul style="list-style-type: none"> • Regulation 49: 66: Record of Services. • Regulation 50:67: Manner of keeping records. • Regulation 51:68: Records to be maintained Depository-wise.
	4. <u>DEMATERIALISATION OF EXISTING SCRIPS</u>	
4.2.2	SEBI (Depositories and Participants) Regulations, 1996 <ul style="list-style-type: none"> • SEBI Regulation 27: Depository to declare specific securities eligible from the agreements entered into by them • SEBI Regulation 28 : Securities eligible for Dematerialisation • SEBI Regulation 29: Agreement between Depository and Issuers • SEBI Regulation 38: Records to be maintained • SEBI Regulation 50: Manner of keeping records • SEBI Regulation 51: Records to be maintained depository-wise • SEBI Regulation 53 : Agreement by Issuer • SEBI Regulation 54: Manner of surrender of Certificate of Security • SEBI Regulation 55: Reconciliation • SEBI Regulation 56: Connectivity • SEBI Regulation 57: Information 	SEBI (Depositories and Participants) Regulations, 19962018 <ul style="list-style-type: none"> • SEBI Regulation 2741: Depository to declare specific securities eligible from the agreements entered into by them • SEBI Regulation 28:42: Securities eligible for Dematerialisation • SEBI Regulation 29:43: Agreement between Depository and Issuers • SEBI Regulation 38:54: Records to be maintained • SEBI Regulation 5067 : Manner of keeping records • SEBI Regulation 51:68: Records to be maintained depository-wise • SEBI Regulation 53:70: Agreement by Issuer • SEBI Regulation 5474 : Manner of surrender of Certificate of Security • SEBI Regulation 5564 : • SEBI Regulation 5662 : • SEBI Regulation 5778 :
	6. <u>SETTLEMENTS</u>	

6.3	Reference to law	Reference to law
6.3.1	<ul style="list-style-type: none"> • Depositories Act, 1996 	<ul style="list-style-type: none"> • Depositories Act, 1996
6.3.2	<ul style="list-style-type: none"> • SEBI (Depositories and Participants) Regulations, 1996 	<ul style="list-style-type: none"> • SEBI (Depositories and Participants) Regulations, 19962018 •
<u>7. TRANSMISSION</u>		
7.3	Reference to law	Reference to law
	<ul style="list-style-type: none"> • Depositories Act, 1996 • SEBI (Depositories and Participants) Regulations, • CDSL ByeLaws 	<ul style="list-style-type: none"> • Depositories Act, 1996 • SEBI (Depositories and Participants) Regulations, 2018 • CDSL ByeLaws
<u>8 PLEDGE / UNPLEDGE / INVOCATION</u>		
8.3.2	SEBI (Depositories and Participants) Regulation, 1996	SEBI (Depositories and Participants) Regulation, 19962018
	<ul style="list-style-type: none"> • Regulation 58 : Manner of creating pledge or hypothecation 	<ul style="list-style-type: none"> • Regulation 5879 : Manner of creating pledge or hypothecation
<u>9. REMATERIALIZATION / REPURCHASE</u>		
9.3.2	SEBI (Depositories and Participants) Regulations, 1996	SEBI (Depositories and Participants) Regulations, 19962018
	<ul style="list-style-type: none"> • Regulation 33: Withdrawal by participant • Regulation 44: Transfer or withdrawal by Beneficial Owner 	<ul style="list-style-type: none"> • Regulation 33 47: Withdrawal by participant • Regulation 44: 61: Transfer or withdrawal by Beneficial Owner
<u>10. ACCOUNT CLOSURE</u>		
10.3.2	SEBI (Depositories and Participants) Regulations, 1996	SEBI (Depositories and Participants) Regulations, 1996 2018

	<ul style="list-style-type: none"> Regulation 26: Rights and obligations of depositories, etc. Regulation 33: Withdrawal by participant Regulation 49: Record of services Regulation 50: Manner of keeping records 	<ul style="list-style-type: none"> Regulation 26<u>40</u>: Rights and obligations of depositories, etc. Regulation 33<u>47</u>: Withdrawal by participant Regulation 49 <u>66</u>: Record of services Regulation 50 <u>67</u>: Manner of keeping records
	11. <u>PENALTIES FOR VIOLATIONS, IRREGULARITIES, NON-COMPLIANCES OR DELAY IN COMPLIANCES</u>	
11.3	Reference to Law	Reference to Law
11.3.1	Depositories Act, 1996	Depositories Act, 1996
	SEBI (Depository and Participant)	SEBI (Depository and Participant)
11.3.2	Regulations, 1996	Regulations, 1996 <u>2018</u>
	16. <u>STATEMENT OF ACCOUNTS</u>	
16.2.1	SEBI (Depositories and Participants) Regulations, 1996 <ul style="list-style-type: none"> Regulation 43 : Statement of Accounts Regulation 49 (1) (C) : Maintaining records of Statement of accounts provided to the BOs 	SEBI (Depositories and Participants) Regulations, 1996<u>2018</u> <ul style="list-style-type: none"> Regulation 43—<u>60</u>: Statement of Accounts Regulation 49<u>66</u> (1) (C)—: Maintaining records of Statement of <u>accounts provided</u> to the BOs
16.6	Providing statement of accounts in electronic form SEBI has permitted the DPs to replace the hard copy statements by electronic statements, vide its circular no. MRD/DoP/Dep/Cir-27/2004 dated August 16, 2004. As per the circular it has been decided to permit the DPs to provide transaction statements and other documents to the BOs	Providing statement of accounts in electronic form SEBI has permitted the DPs to replace the hard copy statements by electronic statements, vide its circular no. MRD/DoP/Dep/Cir-27/2004 dated August 16, 2004. As per the circular it has been decided to permit the DPs to provide transaction statements and other documents to the BOs

	under Digital signature/e-signed, 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. The providing of transaction statements and other documents in the aforesaid manner would be deemed to be in compliance of the provisions of the Regulation 43 of SEBI (Depositories & Participants) Regulations, 1996. However if the BOs are still desirous of receiving statements in hard copy form, the DPs shall be duty bound to provide the same.	under Digital signature/e-signed, 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. The providing of transaction statements and other documents in the aforesaid manner would be deemed to be in compliance of the provisions of the Regulation 43 of SEBI (Depositories & Participants) Regulations, 1996 2018. <u>However</u> , if the BOs are still desirous of receiving statements in hard copy form, the DPs shall be duty bound to provide the same.
	17 MISCELLANEA	
17.1.1 17.1.1.1	Reference to Law SEBI (Depositories and Participants) Regulations, 1996 <ul style="list-style-type: none"> Regulation 19 : Minimum net worth to be maintained by DPs (Sub-regulation ix and x) 	Reference to Law SEBI (Depositories and Participants) Regulations, 1996 2018 <ul style="list-style-type: none"> Regulation 19 <u>35</u>: Minimum net worth to be maintained by DPs (Sub-regulation viii, ix and x)
17.7	Supervision of Branches of Depository Participants Reference SEBI Circular no. MIRSD/DPS-III/Cir-9/07 dated July 03, 2007 wherein SEBI has provided the following guideline in point (2): In terms of Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996, every DP shall have adequate mechanism for the purpose of reviewing, monitoring and evaluating its internal accounting controls and systems. Further, clause 19 of the Code of Conduct for Participants contained in the Third Schedule to the Regulations inter alia states that the DP	Supervision of Branches of Depository Participants Reference SEBI Circular no. MIRSD/DPS-III/Cir-9/07 dated July 03, 2007 wherein SEBI has provided the following guideline in point (2): In terms of Regulation 46 of the SEBI (Depositories and Participants) Regulations, 1996 2018, every DP shall have adequate mechanism for the purpose of reviewing, monitoring and evaluating its internal accounting controls and systems. Further, clause 19 of the Code of Conduct for Participants contained in the Third Schedule to the Regulations inter alia states that the

	shall ensure that it has satisfactory internal control procedure in place.	DP shall ensure that it has satisfactory internal control procedure in place.
	18 MUTUAL FUND UNITS	
18.2	Reference to law <ul style="list-style-type: none"> • Depositories Act, 1996 • SEBI (Depositories and Participants) Regulations, 1996 	Reference to law <ul style="list-style-type: none"> • Depositories Act, 1996 • SEBI (Depositories and Participants) Regulations, 1996<u>2018</u>

Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories

General Clause

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996~~2018~~, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars / Notifications / Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.
2. The DP shall open/activate demat account of a beneficial owner in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time.

Beneficial Owner information

3. The DP shall maintain all the details of the beneficial owner(s) as mentioned in the account opening form, supporting documents submitted by them and/or any other information pertaining to the beneficial owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
4. The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details provided in the account opening form as submitted to the DP at the time of opening the demat account or furnished to the DP from time to time.

Fees/Charges/Tariff

5. The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that "*no charges are payable for opening of demat accounts*".
6. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid down under the relevant SEBI and/or Depository circulars/directions/notifications issued from time to time.
7. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

Dematerialization

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the depositories.

Separate Accounts

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.

10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, [19962018](#) and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

Transfer of Securities

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.
13. The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.

Statement of account

14. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.
15. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.
16. The DP may provide the services of issuing the statement of demat accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form.
17. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by SEBI and/or Depository from time to time.

Manner of Closure of Demat account

18. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.

19. Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided further, closure of demat account shall not affect the rights, liabilities and obligations of either the Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

Default in payment of charges

20. In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest at a rate as specified by the Depository from time to time for the period of such default.
21. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

Liability of the Depository

22. As per Section 16 of Depositories Act, 1996,
1. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner.
 2. Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

Freezing/ Defreezing of accounts

23. The Beneficial Owner may exercise the right to freeze/defreeze his/her demat account maintained with the DP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions.
24. The DP or the Depository shall have the right to freeze/defreeze the accounts of the Beneficial Owners on receipt of instructions received from any regulator or court or any statutory authority.

Redressal of Investor grievance

25. The DP shall redress all grievances of the Beneficial Owner against the DP within a period of thirty days from the date of receipt of the complaint.

Authorized representative

26. If the Beneficial Owner is a body corporate or a legal entity, it shall, along with the account opening form, furnish to the DP, a list of officials authorized by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

Law and Jurisdiction

27. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.
28. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Bye-laws of the relevant Depository, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.
29. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
30. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and /or SEBI
31. Any changes in the rights and obligations which are specified by SEBI/Depositories shall also be brought to the notice of the clients at once.
32. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.