



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2025/401

June 13, 2025

AMENDMENTS TO DP OPERATING INSTRUCTIONS CHAPTER - 19

DPs are advised to note that amendments have been incorporated in CDSL's DP Operating Instructions [OI] **Chapter 19 - ENCUMBRANCES** to incorporate the process of sharing the report for NDU to the Lender and Borrower DP for the in Creation and Termination of Encumbrance / Non-Disclosure Undertaking (NDU).

The said amendments to the **DP OI Chapter 19, Annexure - A** is attached herewith and the changes given in track changes mode.

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

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

sd/-

Nilesh Shah
Vice President – Operations

Sr. No.	Chapter-19- ENCUMBRANCES	
	Existing Process	New Process
19.5.2	<p data-bbox="316 349 651 383">Creation of Encumbrance</p> <ul data-bbox="316 394 911 1899" style="list-style-type: none"> <li data-bbox="316 394 911 528">• The BO shall submit the Encumbrance form – Annexure 19.1 duly signed by the BO & other party to the DP of the BO. <li data-bbox="316 539 911 763">• On receipt of the Encumbrance form from the BO, the maker of the DP of the BO will check the form for completeness and signature of the BO. After verification, maker will setup the encumbrance request. <li data-bbox="316 775 911 1043">• After Setup by maker, the transaction will be verified by the checker. The checker will be given facility to view the signatures of other party available in CDSL system. The checker will verify the signature of other party on form with signature available in CDSL system. <li data-bbox="316 1055 911 1368">• After checker approval and necessary validation, the specified quantity of securities held in the specified ISIN in BO's demat account will be marked as "Frozen for debit" under freeze reason code specified for the encumbrance and moved to "Safe Keep balance". <li data-bbox="316 1379 911 1559">• Emails will be sent to the email-ids of BO and other party entered while creating the encumbrance as well as to the email IDs of DPs of BO and other party. <li data-bbox="316 1570 911 1899">• The DP of the BO will be able to modify all fields if transaction is in "Setup by Maker" status. Further, if the transaction is verified by the checker then 4 fields viz., Other party, Email ID, BO Email ID, remarks and internal reference number are modifiable. 	<p data-bbox="927 349 1278 383">Creation of Encumbrance</p> <ul data-bbox="927 394 1528 1899" style="list-style-type: none"> <li data-bbox="927 394 1528 528">• The BO shall submit the Encumbrance form – Annexure 19.1 duly signed by the BO & other party to the DP of the BO. <li data-bbox="927 539 1528 763">• On receipt of the Encumbrance form from the BO, the maker of the DP of the BO will check the form for completeness and signature of the BO. After verification, maker will setup the encumbrance request. <li data-bbox="927 775 1528 1043">• After Setup by maker, the transaction will be verified by the checker. The checker will be given facility to view the signatures of other party available in CDSL system. The checker will verify the signature of other party on form with signature available in CDSL system. <li data-bbox="927 1055 1528 1368">• After checker approval and necessary validation, the specified quantity of securities held in the specified ISIN in BO's demat account will be marked as "Frozen for debit" under freeze reason code specified for the encumbrance and moved to "Safe Keep balance". <li data-bbox="927 1379 1528 1559">• Emails will be sent to the email-ids of BO and other party entered while creating the encumbrance as well as to the email IDs of DPs of BO and other party. <li data-bbox="927 1570 1528 1899">• The DP of the BO will be able to modify all fields if transaction is in "Setup by Maker" status. Further, if the transaction is verified by the checker then 4 fields viz., Other party, Email ID, BO Email ID, remarks and internal reference number are modifiable.

	<ul style="list-style-type: none"> On committing the transaction, a unique encumbrance ID is generated. The DP of the BO shall record the said ID generated by the system on the Encumbrance Form. 	<ul style="list-style-type: none"> On committing the transaction, a unique encumbrance ID is generated. The DP of the BO shall record the said ID generated by the system on the Encumbrance Form. Further the full details of the NDU executed during the day by both Borrower BO and Lender BO will be made available to the DP by way of DP97 report DPs can download the full dump for the details of the NDU.
19.5.3 Termination of Encumbrance		
	<ul style="list-style-type: none"> Encumbrance created in the system can be terminated by the BO by submitting the form jointly signed by the BO and other party. After checker verifies the Encumbrance termination transaction, securities will move from "Safe keep balance" to "Free balance" after 2 business days i.e. at the SOD of the 3rd business day. Emails will be sent to the email-ids of BO and other party entered as well as to the email IDs of DPs of borrower BO and other party. Encumbrance termination can be done for full quantity or for partial quantity. 	<ul style="list-style-type: none"> Encumbrance created in the system can be terminated by the BO by submitting the form jointly signed by the BO and other party. After checker verifies the Encumbrance termination transaction, securities will move from "Safe keep balance" to "Free balance" after 2 business days i.e. at the SOD of the 3rd business day. Emails will be sent to the email-ids of BO and other party entered as well as to the email IDs of DPs of borrower BO and other party. Encumbrance termination can be done for full quantity or for partial quantity. Further the full details of the NDU terminated during the day by both Borrower BO and Lender BO will be made available to the DPs by way of DP97 report. DPs can download the full dump for the details of the NDU.