



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2022/147

March 15, 2022

AMENDMENTS TO CDSL's DP OPERATING INSTRUCTIONS

DPs are advised to note that amendments have been affected in Chapter 2 – Account Opening and Chapter-7 – Transmission of CDSL's DP Operating Instructions based on SEBI letter no. MRD/DopII/DSAIL/OW/2018/34224/1 dated December 14, 2018 and revised SEBI letter no. MRD2/DDAP/OW/P/2021/8567/1 dated April 09, 2021 regarding Mode of Operation and Transmission of Securities in joint account.

DPs are further advised to note that that the release date of said functionality of capturing the Mode of Operation and Transmission in Joint Demat Accounts, relevant annexures and file formats of the same will be informed separately.

The amendments to DP Operating Instructions in track changed mode are attached herewith as Annexure –A.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Nilesh Shah
Asst. Vice President - Operations

point No.	Existing	Proposed Amendments
Chapter 2 – Account Opening		
2.9	Not Available	<p><u>Mode of operation in Joint Account</u></p> <p><u>2.9.1</u> In the case of demat account with joint holders, the DP shall ensure that all instructions submitted are duly signed by all account holders.</p> <p><u>2.9.2</u> The joint account holders may opt for any one of the following modes of operation for executing the transactions (as mentioned under OI 2.9.4) by submitting a specific instruction at the time of demat account opening or at a later date duly signed by all account holders:-</p> <ol style="list-style-type: none"> a. Jointly b. Anyone or Survivor <p>In system the default option for mode of operation will be “Jointly”. If mode of operation chosen by the demat account holders is other than “Jointly”, then the same should be captured by the DP in CDSL system:-</p> <p><u>2.9.3</u> DP can execute the following transactions as per the mode of operation captured in the CDSL system.</p> <ol style="list-style-type: none"> i. Transfer of securities including Inter-Depository Transfer. ii. Pledge / Unpledge / Confiscation Margin repledge (Creation, closure and invocation and confirmation thereof as applicable). iii. Freeze/ unfreeze of demat account and/ or the ISIN and / or specific number of securities. <p><u>2.9.4</u> For all transactions other than mentioned under O.I. 2.9.3, the mode of operation shall be as “Jointly”.</p> <p><u>2.9.5</u> Where the demat account holders have opted for operation by “any one or –survivor”, the transactions as</p>

mentioned in 2.9.3 should be duly signed by any one of the holders of the joint account.

2.9.6 Where the account holders opted for operation by jointly the transactions mentioned above should be duly signed by all the holders of the joint account-.

2.9.7 All the existing joint account holders may also opt for one of the modes of operation 2.9.2

2.9.8 With regard to transactions undertaken in client demat account as mentioned under 2.9.3, signature of one of the joint holders as per the mandate of operation given by the joint account holders shall discharge the DP in full -vis-à-vis all the account holders of the joint account and the account holders undertake to cover and guarantee the DP against all claims including by third parties pursuant to the DP acting on the transaction so received by it from one of the Client account holders.

2.9.9 Each demat account holder is jointly and severally liable towards the DP for all the commitments entered into by himself/ herself or by any other client account holder or authorised representative (within the limits of the power) .

2.9.10 The arrangement of mode of operation shall not expire on the death of one of the client holders, if surviving account holders choose the option to continue with the same demat account by deletion of deceased's name.

2.9.11 The surviving members have to inform the Participants about the death of account holder with requisite documents within one year.

2.9.12 The applicability of mode of operations needs to be checked and

		<p><u>submitted for change basis on pattern of only surviving account holder/s after deletion of name of deceased holder.</u></p> <p><u>2.9.13 If The surviving holder(s) fail to inform the DP about the death of the deceased joint holder within one year of the date of demise, a new demat account shall be opened by the surviving account holder(s) to execute transmission as per the existing procedure. Necessary audit trails should be in place for the name deletion / new account set up.</u></p> <p><u>2.9.14 Any holder of demat account of demat account may opt out from the facility as mentioned under Operating Instructions 2.9.2 by giving a written request to the DP and upon receipt of such a request by DP, the DP shall change the mode of operation to 'jointly'.</u></p> <p><u>2.9.15 In case of a demat account with joint holders, , all communications shall be sent to the first holder and shall be deemed to have been duly sent to all account holders.</u></p> <p><u>2.9.16 The DP should provide a facility whereby the account holders can opt to receive communication from DP to all holders in electronic mode.</u></p> <p><u>2.9.17 The DP should note that Power of Attorney, if executed by the BOs will be independent of the 'mode of operation' or any change in the 'mode of operation' chosen by the BO.</u></p>
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Chapter – 7 TRANSMISSION	
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7.5	Precautions	
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<p>7.5.1</p>	<p>This transaction can be initiated by the DP for transfer of securities only in case of death of all or any of the holders or in any other case with the prior approval of CDSL. For transmission of securities in case of death of one of the holders, the new account would need to be opened in the same order of names of the surviving holders as given in the old account. For example: If the old account is in the names of A, B & C and "C" expires, the new account, shall necessarily be in the names of A and B.</p>	<p>This transaction can be initiated by the DP for transfer of securities only in case of death of all or any of the holders or in any other case with the prior approval of CDSL. For transmission of securities in case of death of one of the holders, <u>the surviving holders can opt to continue the existing demat account by giving a request for deletion of name of the deceased holder[s] from the existing account and DP will have to obtain the documentation as mentioned in Operating Instruction 7.6.2. If the surviving holder(s) fails to submit such request within one year of the date of demise, a new demat account shall be opened by the surviving account holder(s) to execute transmission .</u> <u>If the surviving BO wishes - to open a new account the same would need to be opened in the same order of names of the surviving holders as given in the old account. The account can be opened with the same DP as in mentioned in Operating Instruction 7.5.3 or with any other DP as mentioned in Operating Instruction 7.5.2.</u> For example: If the old account is in <u>the</u> names of A, B & C and "C" expires, the new account, shall necessarily be in the names of A and B.</p>
<p>7.5.2</p>	<p>In case the surviving holders wish to transfer the securities to a demat account with any other DP of CDSL, the DP shall ensure that the names of the surviving holders are in the same order of names as in the existing account. The surviving holders shall submit to the old DP, the physical copy of the Client Master Report of the new account duly stamped and signed or electronic copy of the Client Master Report of the new account digitally signed by the new DP for effecting the transmission of securities. A declaration stating that all transactions in the account are authentic shall be submitted by the surviving holders to the old DP.</p>	<p>In case the surviving holders wish to transfer the securities to a demat account with any other DP of CDSL, the DP shall ensure that the names of the surviving holders are in the same order of names as in the existing account. The surviving holders shall submit to the old DP, the physical copy of the Client Master Report of the new account duly stamped and signed or electronic copy of the Client Master Report of the new account digitally signed by the new DP for effecting the transmission of securities. A declaration stating that all transactions in the account are authentic shall be submitted by the surviving holders to the old DP.</p>
<p>7.5.3</p>	<p>If the surviving holders wish to transfer the securities to a demat account with the same DP, the new account may be opened by the</p>	<p>If the surviving holders wish to transfer the securities to a demat account with the same</p>

<p>7.5.4</p>	<p>DP, based on the documents submitted at the time of opening of the original account. However, if the 1st holder in the new account is different from that in the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. A declaration stating that all transactions in the account are authentic shall be submitted by the surviving holders to the old DP. Further, DPs shall ensure that the KYC documentation, for opening of new accounts, is as per SEBI and CDSL specifications in force at the time.</p> <p>If the surviving holders wish to transfer the securities to a demat account with the other depository, they would have to submit the Client Master Report of the account with the other depository duly stamped and signed in case of physical copy or digitally signed in case of electronic copy by the DP of the other depository. The CDSL-DP would need to verify if the account is in the same order of names of the surviving holders before effecting the transfer. The transfer may be effected using the Across-Depository option in the "Transfer-Transmission" Module in the CDSL system. The following documents shall also be obtained along with the Client Master Report:-</p> <ul style="list-style-type: none"> ➤ Duly filled and signed Account Closure Request form. ➤ Obtaining a Delivery Instruction Slip [DIS] is not required. ➤ A declaration stating that all transactions in the account are authentic ➤ The DP shall apply to CDSL requesting waiver of charges for such transfers on a case-to-case basis. 	<p>DP, the new account may be opened by the DP, based on the documents submitted at the time of opening of the original account. However, if the 1st holder in the new account is different from that in the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. A declaration stating that all transactions in the account are authentic shall be submitted by the surviving holders to the old DP. Further, DPs shall ensure that the KYC documentation, for opening of new accounts, is as per SEBI and CDSL specifications in force at the time.</p> <p>If the surviving holders wish to transfer the securities to a demat account with the other depository, they would have to submit the Client Master Report of the account with the other depository duly stamped and signed in case of physical copy or digitally signed in case of electronic copy by the DP of the other depository. The CDSL-DP would need to verify if the account is in the same order of names of the surviving holders before effecting the transfer. The transfer may be effected using the Across-Depository option in the "Transfer-Transmission" Module in the CDSL system. The following documents shall also be obtained along with the Client Master Report:-</p> <ul style="list-style-type: none"> ➤ Duly filled and signed Account Closure Request form. ➤ Obtaining a Delivery Instruction Slip [DIS] is not required. ➤ A declaration stating that all transactions in the account are authentic ➤ The DP shall apply to CDSL requesting waiver of charges for such transfers on a case-to-case basis.
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7.5.5	If the transfer of securities from the account is to be effected to a claimant / Successor, the DP shall take measures to satisfy itself as to the identity of the Successor mentioned in the Succession documents.	If the transfer of securities from the account is to be effected to a claimant / Successor, the DP shall take measures to satisfy itself as to the identity of the Successor mentioned in the Succession documents.
7.5.6	The DP shall ensure that the copies of the documents submitted by the Claimant (Successor) are verified with the original documents.	The DP shall ensure that the copies of the documents submitted by the Claimant (Successor) are verified with the original documents.
7.5.7	On receiving intimation of the death of any of the holder(s) and after receiving the original Death Certificate or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority or a copy of the Death Certificate(duly notarized or attested by a Gazetted Officer) , the DP shall not allow the execution of any instruction other than transmission request in the deceased BO's account, i.e. the DP shall freeze the account for debits with appropriate reason code. In case death certificate is downloaded from the online portal of Government, the authorised official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP.	On receiving intimation of the death of any of the holder(s) and after receiving the original Death Certificate or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority or a copy of the Death Certificate(duly notarized or attested by a Gazetted Officer) , the DP shall not allow the execution of any instruction other than transmission request in the deceased BO's account, i.e. the DP shall freeze the account for debits with appropriate reason code. In case death certificate is downloaded from the online portal of Government, the authorised official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP.

7.5.8	<p>The securities which are encumbered (i.e. Pledged, earmarked, etc.) will not be transferred out of the account and will remain in the deceased BO account till such time as the encumbrance is removed or the obligation (in case of earmarking) is met. Similarly, securities of ISINs that are 'Frozen for debits and / or credits' due to regulatory restraints like pending listing of the company with the Exchanges pursuant to an Initial Public Offer (IPO) or Scheme of arrangement etc will not be transferred out of the account. In such cases, the account will reflect a "TO-BE-CLOSED" status. However at a later date, when the ISINs which are 'Frozen for debits and / or credits' are activated in the BO's account, the DP may process the transfer of the said securities to the account of the transmittee BO(s) based on a copy of the Transmission Request Form submitted earlier.</p>	<p>The securities which are encumbered (i.e. Pledged, earmarked, etc.) will not be transferred out of the account and will remain in the deceased BO account till such time as the encumbrance is removed or the obligation (in case of earmarking) is met. Similarly, securities of ISINs that are 'Frozen for debits and / or credits' due to regulatory restraints like pending listing of the company with the Exchanges pursuant to an Initial Public Offer (IPO) or Scheme of arrangement etc will not be transferred out of the account. In such cases, the account will reflect a "TO-BE-CLOSED" status. However at a later date, when the ISINs which are 'Frozen for debits and / or credits' are activated in the BO's account, the DP may process the transfer of the said securities to the account of the transmittee BO(s) based on a copy of the Transmission Request Form submitted earlier.</p>
		<p><u>7.5.9 DP has to satisfy itself that there is no order from any competent court brought to its notice restraining the transmission of the deceased demat account holder.</u></p>
		<p><u>7.5.10 Further , DP has to make it clear to the survivor (s) that he /she would be receiving the securities of the deceased holder as a trustee of the legal heirs of the deceased demat account holder.</u></p>
7.6.2	<p>Death of one of the Joint Holders</p> <ul style="list-style-type: none"> On death of one of the joint holders, the surviving holders shall succeed to the securities standing to the credit of such an account. 	<p>Death of one of the Joint Holders</p> <ul style="list-style-type: none"> <u>On death of one of the joint holders, the surviving holders shall request the DP succeed to transmit the securities standing to the credit of such an account.</u> <u>The surviving holders shall have an option to either continue with the same account by deletion of deceased's name [Annexure 7.2 B -]</u>

or open a new account in the same order of names.

A. Procedure to be followed in case the surviving holders wish to continue with the existing account.

The surviving holders shall submit the following documents to the existing DP.

- Annexure 7.2B for deletion of name of the deceased holder duly signed by the surviving holder (s)
- Original or copy of the death certificate of the deceased holder(s), duly notarized / attested by a Gazetted Officer or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority. In case death certificate is downloaded from the online portal of Government, the authorized official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP.
- If the deceased holder was the first holder in the demat account.
 - a. DP should ensure that existing KYC norms are adhered for obtaining the required proofs for recording of permanent/correspondence address.
 - b. Further, the DP shall ensure that the KYC documentation is as per SEBI and CDSL specifications in force at the time.
 - c. Fresh details like bank account, phone numbers, mobile no. email ids, etc. are obtained of the new first holder.
 - a-d. A fresh Nomination form, duly signed by the surviving holders

	<p>On the death of one of the joint holders, the surviving holders shall submit the following documents to the DP –</p> <ol style="list-style-type: none"> a. Transmission Request Form duly filled in – Annexure 7.2. The surviving holders shall submit one Transmission Request Form to the DP. b. Original or copy of the death certificate of the deceased holder(s), duly notarized / attested by a Gazetted Officer or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority. In case death certificate is downloaded from the online portal of Government, the authorised official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP. c. Client Master Report of the new account duly stamped and signed in case of physical copy or digitally signed in case of electronic copy by the new DP of the joint holders, in case the joint holder(s) has/have a demat account with some other DP of CDSL / other depository. 	<p><u>will have to be obtained for the existing demat account after deletion of the deceased holder and the same has to be duly updated in the CDSL system and Nomination Register.</u></p> <p><u>B. Procedure to be followed in case the surviving holders opts to transfer the securities to any other DP. –</u></p> <p>On the death of one of the joint holders, the surviving holders shall submit the following documents to the DP –</p> <ol style="list-style-type: none"> a. Transmission Request Form duly filled in Annexure 7.2A. The surviving holders shall submit one Transmission Request Form to the DP. b. Original or copy of the death certificate of the deceased holder(s), duly notarized / attested by a Gazetted Officer or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority. In case death certificate is downloaded from the online portal of Government, the authorised official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP. c. Client Master Report of the new account duly stamped and signed in case of physical copy or digitally signed in case of electronic copy by the new DP of the joint holders, in case the joint holder(s) has/have a demat account with some other DP of CDSL / other depository.
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<ul style="list-style-type: none"> The surviving holder(s) can transmit securities to an account opened in their names only. e.g. 1: If the account is in the name of A, B and C, on death of B, the surviving holders : A and C can transmit the securities only to an account opened in the order A and C. e.g. 2 : If the account is in the name of A and B, on the death of B, the surviving holder: A can transmit the securities only to an account in the name of A without joint holders. <ul style="list-style-type: none"> On submission of the abovementioned certificates and documents, the DP shall suspend prospective debits to the deceased BO's account and await instructions from the Successor(s). The DP shall make a prima facie check on the death certificate submitted by the surviving holder(s). The DP shall open a new account, if an account does not exist in the same order of names of the surviving holders as appearing in the original BO account. The new account may be opened, with the same DP, based on the documents submitted at the time of opening of the original account. If the 1st holder of the new account is different from the 1st holder of the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. Further, DPs shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in force at the time. 	<ul style="list-style-type: none"> The surviving holder(s) can transmit securities to an account opened in their names only. e.g. 1: If the account is in the name of A, B and C, on death of B, the surviving holders : A and C can transmit the securities only to an account opened in the order A and C. e.g. 2 : If the account is in the name of A and B, on the death of B, the surviving holder: A can transmit the securities only to an account in the name of A without joint holders. <p><u>For both A & B options mentioned above, further procedure to be followed</u></p> <ul style="list-style-type: none"> On submission of the abovementioned certificates and documents, the DP shall suspend prospective debits to the deceased BO's account and await instructions from the Successor(s). The DP shall make a prima facie check on the death certificate submitted by the surviving holder(s). The DP shall open a new account, if an account does not exist in the same order of names of the surviving holders as appearing in the original BO account. The new account may be opened, with the same DP, based on the documents submitted at the time of opening of the original account. If the 1st holder of the new account is different from the 1st holder of the old account, the DP shall ensure that the existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. Further, DPs shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in force at the time.
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	<ul style="list-style-type: none"> • The surviving holder(s) shall submit a request in the Transmission Request Form (Annexure 7.2) • The deceased BO's DP shall verify the details in the Transmission Request Form with the original BO account details available at CDSL. If the details are found to be incorrect in any manner, the DP shall inform the successor(s) about the errors in the Transmission Request Form. The Transmittor BO(s) shall make the necessary corrections and return the Transmission Request Form to the DP. • Once the details on the Transmission Request Form and the documents are found to be in order, and if the account of the transmittor BO is with CDSL, then the DP shall set up a Transmission Request through the front end system of CDSL. • The transmission of balances of all the ISINs will be done into the account of the Transmittor BO(s) at CDSL. • The DP shall give a statement of account to the new BO. • In case the account of the transmittor BO is with the other depository, the DP shall effect the transmission through the "Across -Depository" option in "Transfer- Transmission" Module in the CDSL system. • After all the holdings have been transmitted from the deceased BO's Account, the deceased BO's account will be closed in the CDSL system at the EOD <p>All transmission requests shall be processed within seven days of receipt of required documentation.</p>	<ul style="list-style-type: none"> • The surviving holder(s) shall submit a request in the Transmission Request Form (Annexure 7.2 A) • The deceased BO's DP shall verify the details in the Transmission Request Form with the original BO account details available at CDSL. If the details are found to be incorrect in any manner, the DP shall inform the successor(s) about the errors in the Transmission Request Form. The Transmittor BO(s) shall make the necessary corrections and return the Transmission Request Form to the DP. • Once the details on the Transmission Request Form and the documents are found to be in order, and if the account of the transmittor BO is with CDSL, then the DP shall set up a Transmission Request through the front end system of CDSL. • The transmission of balances of all the ISINs will be done into the account of the Transmittor BO(s) at CDSL. • The DP shall give a statement of account to the new BO. • In case the account of the transmittor BO is with the other depository, the DP shall effect the transmission through the "Across -Depository" option in "Transfer- Transmission" Module in the CDSL system. • After all the holdings have been transmitted from the deceased BO's Account, the deceased BO's account will be closed in the CDSL system at the EOD <p>All transmission requests shall be processed within seven days of receipt of required documentation.</p>
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