

Circular No.: NSDL/POLICY/2022/141

October 07, 2022

Subject: SEBI Circular on Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities - Clarification

Attention of Participants is invited to SEBI Circular Nos. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022 (NSDL Circular No. NSDL/POLICY/2022/052 dated April 7, 2022) regarding Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.

In this regard, SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 6, 2022 issued a clarification on execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities (Copy enclosed).

SEBI has now decided to widen the scope of DDPI to include the below:

- 1. Mutual Fund transactions being executed on Stock Exchange order entry platforms; and**
- 2. Tendering shares in open offers through Stock Exchange platforms.**

Participants are requested to take note of the above and ensure compliance.

For and on behalf of

National Securities Depository Limited

Arockiaraj

Manager

Enclosed: One



National Securities Depository Limited

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FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Quarterly)	By 15 th of the following month.	Through e-PASS	1. Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019 2. Circular No. NSDL/POLICY/2021/0102 dated October 04, 2021
Cyber Security & Cyber Resilience framework of Depository Participants (Quarterly)	By 15th of the following month	Through e-PASS	1. Circular No. NSDL/POLICY/2019/0039 dated July 9, 2019. 2. Circular No. NSDL/POLICY/2020/0069 dated May 15, 2020
Internal/ Concurrent Audit Report (April - September)	November 15th every year	Through e-PASS	Circular No.: NSDL/POLICY/2022/136 dated October 03, 2022
Risk Assessment Template (– April - September)	October 30th every year.	Through e-PASS	Circular No. NSDL/POLICY/2018/0050 dated September 25, 2018
Reporting of status of the surveillance alerts generated by Participants- (Quarterly)	Within 15 days from end of the quarter	Through e-PASS	1. Circular No. NSDL/POLICY/2021/0072 dated July 15, 2021 2. Circular No.: NSDL/POLICY/2022/001 dated January 03, 2022



CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137

October 06, 2022

To,

All Depositories

All Recognised Stock Exchanges

Dear Sir/Madam,

Sub: Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities - Clarification

1. SEBI vide circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022, issued guidelines regarding execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.
2. In view of the representations by and consultations with Broker Associations and Depositories, it has been decided to widen the scope of DDPI to include:
 - 2.1. Mutual Fund transactions being executed on Stock Exchange order entry platforms; and
 - 2.2. Tendering shares in open offers through Stock Exchange platforms.
3. Accordingly, the following amendments are being made to the said Circular:
 - 3.1. Para 3 shall stand modified as under:

"In order to make the process more transparent and simpler, the following conditions shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI) (Annexure-A):

 - 3.1.1. *Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by clients on the Stock Exchange through the same stock broker.*

3.1.2. *Pledging / re-pledging of securities in favour of trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements of the clients in connection with the trades executed by the clients on the Stock Exchange.*

3.1.3. *Mutual Fund transactions being executed on stock exchange order entry platforms and which shall be in compliance with SEBI circulars SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634 dated October 04, 2021, SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635 dated October 04, 2021 and SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/29 dated March 15, 2022 or any other circular which may be issued in this regard; and*

3.1.4. *Tendering shares in open offers which shall be in compliance with SEBI circular SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021 or any other circular which may be issued in this regard.*

The DDPI shall serve the same purpose of PoA and significantly mitigate the misuse of PoA. The use of DDPI shall be limited only for the purposes as mentioned in paragraphs 3.1.1, 3.1.2, 3.1.3 and 3.1.4.”

3.2. Para 8 shall stand modified as under:

“Securities transferred on the basis of the DDPI provided by the client shall be credited to client’s TM pool account / CM pool account / demat account of clearing corporation, as the case may be. The DDPI provided by the client shall be registered in the demat account of the client by TM /CM. Stock Exchanges and Depositories shall ensure that stock broker/stock broker and depository participant providing DDPI facility, has enabled its clients to revoke / cancel the DDPI provided by them.”

3.3. Para 9 shall stand modified as under:

“For the clients who issue the DDPI to stock broker/stock broker and depository participant, the following provisions of the SEBI circulars issued with respect to PoA shall stand replaced with DDPI:

- 9.1 Paragraphs 4.2.1 and 4.2.2 of SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020, and Paragraphs 1(i) and 1(ii) of Annexure to the SEBI circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010, with effect from September 1, 2022.
- 9.2 Paragraph 1 (iii) to the extent applicable for Mutual Fund transactions and tendering shares in open offers, of Annexure to the SEBI circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010, with effect from November 18, 2022.”
4. Annexure-A of the SEBI circular dated April 04, 2022 is modified to the extent of para 3.1 above. All other provisions specified in SEBI circular dated April 04, 2022 shall continue to remain applicable.
5. This circular shall be applicable from November 18, 2022.
6. Stock Exchanges and Depositories are directed to:
- 6.1. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites;
- 6.2. ensure that existing clients are made aware of the availability of facility for execution of DDPI, through letters / SMS / emails; and
- 6.3. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above decision.
7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996, to protect the interests of investors in securities and to promote the development of and to regulate the securities markets.

Yours faithfully

Aradhana Verma
Deputy General Manager
Tel. No: 022 26449633
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Demat Debit and Pledge Instruction

S.No.	Purpose	Signature of Client *
1.	Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by clients on the Stock Exchange through the same stock broker	
2.	Pledging / re-pledging of securities in favour of trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements of the clients in connection with the trades executed by the clients on the Stock Exchange.	
3.	Mutual Fund transactions being executed on Stock Exchange order entry platforms	
4.	Tendering shares in open offers through Stock Exchange platforms	

* the same may be signed physically against each purpose of DDPI. The same may also be eSigned. In case of eSign, client shall be given an option for choosing the specific purpose(s) of DDPI.