

Circular No.: NSDL/POLICY/2023/0185

December 28, 2023

Subject: Operational Guidelines on Addition of Beneficiary Demat account(s) for executing Off-Market Transfer.

Attention of Participants is invited to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/139 dated August 08, 2023, regarding Facility to remedy erroneous transfers in demat accounts. (Ref: NSDL Circular nos. NSDL/POLICY/2023/0103 dated August 09, 2023, and NSDL/POLICY/2023/0175 dated December 15, 2023)

In this regard, Participants are requested to refer to Point no. 8 of the aforesaid SEBI circular which states as under:

"Further, to minimize such erroneous transfers, Depositories shall provide a facility for the investors and DPs to add and verify the beneficiaries before execution of off-market transfers including inter-depository transfers".

In this context, all Participants are hereby requested to take note of the following operational guidelines for necessary implementation of guidelines as mentioned in the aforesaid SEBI circular:

1. Addition of Target Beneficiary demat account(s):

A. Procedure for adding Target Beneficiary Demat Account(s) by Participant through File upload facility provided at eDPM :

1. Client shall initiate the request for addition of target beneficiary demat account(s) by submitting physical form (enclosed as Annexure) to its participant.
2. To facilitate Participants to add target Beneficiary demat account as per client request, file upload facility viz., Addition/Deletion Beneficiary Upload is provided under Upload/Download option on eDPM System. (Ref: NSDL Circular no. NSDL/POLICY/2023/0175 dated December 15, 2023)
3. Validations done at the time of addition of beneficiary target demat account are as follows:



a. Intra- Depository:

- i. In case of addition of target Beneficiary demat account maintained in NSDL depository system, details of transferee client viz., PAN, DP ID & Client ID will be validated with the details available in demat account of respective target Beneficiary demat account.
- ii. After successful validation, a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.
- iii. On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.

b. Inter-Depository:

- i. In case of addition of target Beneficiary demat account in respect of inter depository off-market transfer, details of the transferee client viz., PAN, DP ID & Client ID will not be validated with the details available in demat account of respective Beneficiary target demat account in target depository at the time of addition of target Beneficiary demat account in NSDL depository system. The aforesaid validation will be done by target depository at the time of processing the inter depository off-market transfer instruction received from source depository.
 - ii. A link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.
 - iii. On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.
4. In case OTP confirmation is not completed till EOD of the request initiation date, pending requests for adding target Beneficiary demat account will be rejected in EOD. DP can re-initiate such rejected requests for OTP confirmation.



B. Procedure for adding Target Beneficiary Demat Account by client using SPEED-e facility for password and e-Token based users.

1. Client shall login to NSDL SPEED-e Portal using password or e-token based option and click on TAB of 'Add Beneficiary' under inquiries and Submit request for Addition of target Beneficiary demat account.
2. Validations done at the time of addition of target beneficiary demat account are as follows:

a. Intra- Depository:

- I. In case of addition of target Beneficiary demat account maintained in NSDL depository system, Client needs to provide details of target beneficiary demat account viz., PAN, DP ID & Client ID.
- II. After clicking on validate button, Details of transferee client viz., PAN and DP ID & Client ID will be validated with the details available in demat account of respective target Beneficiary demat account. After successful validation of details of transferee client's PAN and DP ID & Client ID, the name of transferee client in respect of target Beneficiary demat account will be displayed to client on SPEED-e website. In case of mismatch in validation, SPEED-e system shall display appropriate error.
- III. After clicking on Add button OTP shall be generated and sent on Mobile number and email ID as registered in demat account of transferor client for authentication.
- IV. After successful OTP authentication, target Beneficiary demat account shall be added to the list of beneficiaries.

b. Inter-Depository:

- I. In case of addition of target Beneficiary demat account maintained in other depository system, Client needs to provide details of target beneficiary demat account viz., PAN, DP ID & Client ID.
- II. Details of the transferee client viz., PAN, DP ID & Client ID will not be validated with the details available in demat account of respective target Beneficiary demat account in target depository at the time of addition of target Beneficiary demat account in NSDL depository system. The aforesaid validation will be done by target depository



at the time of processing the inter depository off-market transfer instruction received from source depository.

- III. After clicking on Add button OTP shall be generated and sent on Mobile number and email ID as registered in demat account of transferor client for authentication.
- IV. In case of addition of target Beneficiary demat account maintained in other depository system, validate option shall not be available.
- V. After successful OTP authentication, target Beneficiary demat account shall be added to the list of beneficiaries.

C. Procedure for Deleting Target Beneficiary Demat Account (Intra and Inter Depository) by Participant through File upload provided at eDPM:

1. Client shall initiate the request for deletion of already added target Beneficiary demat account by submitting physical form (as enclosed as Annexure) to its depository participant.
2. The file upload facility is provided under Upload/Download option on eDPM system to facilitate Participants to delete already added target Beneficiary demat account as per client request. (Ref: NSDL Circular no. NSDL/POLICY/2023/0175 dated December 15, 2023)
3. The details of target Beneficiary demat account viz., PAN, DP ID & Client ID provided in the file uploaded for deletion will be validated with the details available in list of target Beneficiary demat account already added in client's demat account.
4. After successful validation a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of client for authentication.
5. On clicking the said link, client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for client's confirmation will be displayed to client. On OTP confirmation, request for deletion of target Beneficiary demat account will be processed and target Beneficiary demat account shall be deleted from the list of beneficiaries.
6. In case OTP confirmation is not completed till EOD of the request initiation date, pending Requests for deleting target beneficiary demat account will be rejected. DP can re-initiate such rejected requests for OTP confirmation.



2. Procedure for off-Market transfers:

A. Procedure for off-Market transfer instruction processing Screen based/manual mode of instruction execution or through File upload provided at eDPM:

1. Existing process followed by participants for execution of screen based off-market instruction or uploading off-market transaction file through file upload provided in eDPM shall be continued.
2. In case of intra-depository off-market transfer instruction, NSDL depository system shall validate the target Beneficiary demat account details with the list of beneficiary's details which are already added in client's demat account. After successful validation NSDL depository system will process the off-market instruction as per existing mechanism.
3. In case of inter-depository off-market transfer, depository system shall validate the details of target Beneficiary demat account details with the list of beneficiary's details. After successful validation source depository will forward the details of the transferee client viz., PAN, DP ID & Client ID to target depository for Validation.
4. Target depository shall validate the details of target beneficiary demat account viz., PAN, DP ID & Client ID and process the instruction. Existing Mechanism will be followed post successful validation.

B. Procedure for Off-Market Transaction execution by Client through SPEED-e using e-Token.

1. Client shall login on NSDL SPEED-e Portal using e-token and select appropriate option provided under TAB "Submit Instruction" as per the existing process and submit off-market transfer instruction.
2. Drop-down facility is provided to the client to select the appropriate target beneficiary demat account which is already added to the list of beneficiaries.
3. In the case of Intra-depository off-market transfer existing mechanism shall be followed to process the instruction.
4. In the case of Inter-depository off-market transfer, NSDL system shall exchange the details of the transferee client viz., PAN, DP ID & Client ID with target depository for Validation.



5. Target depository shall validate the details of target beneficiary demat account viz., PAN, sDP ID & Client ID and process the instruction. Existing Mechanism will be followed post successful validation.

The changes in respect to addition/deletion of beneficiary target demat account through file upload by participants are implemented in NSDL depository system on **December 26, 2023**,

The changes in SPEED-e system in respect to addition of target beneficiary demat account details by client and validation of target Beneficiary demat account with list of beneficiaries in NSDL depository system will be implemented at EOD of **December 29, 2023**.

Other points to be noted:

- a. In case of PAN exempt category, Participants are advised to capture the value as “EXEMPTCATG” or “SIKKIMCATG” as applicable under the PAN field while adding beneficiary target demat account. (Ref: NSDL Circular nos. NSDL/POLICY/2006/0031 dated August 09, 2006)
- b. Addition of beneficiary target demat details will be mandatory and applicable for all types of OFF-MARKET TRANSFER REASON CODE available in NSDL system from **January 1, 2024**.

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

**For and on behalf of
National Securities Depository Limited**

**Rakesh Mehta
Vice President**

Enclosure: One

| FORTHCOMING COMPLIANCE | | | |
|-------------------------------------|--|-------------------|---|
| Particulars | Deadline | Manner of sending | Reference |
| Investor Grievance Report (Monthly) | By 10 th of the following month | Through e-PASS | 1. Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023 |



Annexure
Request for addition/deletion of beneficiary account details for execution of off-market transfer

| | | | | | | | | | |
|--|-------------------------|---|---|---|---|---|---|---|---|
| To <Participant's Name > <Participant's Address > | Date | D | D | M | M | Y | Y | Y | Y |
| DP ID | I | N | | | | | | | |
| Client ID | | | | | | | | | |
| Sole/First Holder Name | | | | | | | | | |
| Second Holder Name | | | | | | | | | |
| Third Holder Name | | | | | | | | | |
| I/We hereby inform you that I/we wish to add/delete the beneficiary accounts details below for execution of off-market transfers including inter-depository transfers. | | | | | | | | | |
| <input type="checkbox"/> Add <input type="checkbox"/> Delete | Beneficiary DP ID | | | | | | | | |
| | Beneficiary Client ID | | | | | | | | |
| | PAN of the First Holder | | | | | | | | |
| <input type="checkbox"/> Add <input type="checkbox"/> Delete | Beneficiary DP ID | | | | | | | | |
| | Beneficiary Client ID | | | | | | | | |
| | PAN of the First Holder | | | | | | | | |
| <input type="checkbox"/> Add <input type="checkbox"/> Delete | Beneficiary DP ID | | | | | | | | |
| | Beneficiary Client ID | | | | | | | | |
| | PAN of the First Holder | | | | | | | | |
| 1. _____ 2. _____ 3. _____ Authorised Signatory (ies) | | | | | | | | | |

Participant Authorisation

 Name:
Signature:

Participant's Stamp & Date
