

Circular No.: NSDL/POLICY/2019/0047

July 31, 2019

**Subject: Change in off-market transfer reason codes.**

Attention of Participants is invited to NSDL Circular no. NSDL/POLICY/2019/0041 dated July 15, 2019 regarding uniform / standardised reason codes for off-market transfers by both depositories which will be effective from August 03, 2019 (phase 1) and from September 14, 2019 (phase 2).

Pursuant to the aforesaid Circular, representations were received from market participants for providing additional reason codes to cover certain types of transactions. Accordingly, in consultation with SEBI, it has been decided as follows:

1. Following additional off-market transfer reason codes shall be added to the list of reason codes with effect from August 3, 2019:

<b>New Reason Code</b>	<b>New Reason Code Name</b>	<b>Remarks</b>
14	Redemption of Mutual Fund Units	To be used for transfer of Mutual Fund Units from client BO account to AMC's BO account on account of redemption
15	Transposition – Between joint account of same holders	To be used for transfer of securities between joint account of same holders (order of holders different in both accounts).
16	Merger/ Demerger of corporate entity	For these types of transfers supporting documents needs to be provided by corporate entities to its Participants
17	Dissolution/Restructuring/Winding up of Partnership Firm/Trust	For these types of transfers, supporting documents needs to be provided by transferor/ account holder(s) to its Participants
18	Conversion of Depository Receipt (DR) to underlying securities and vice versa	To be used for transfer of underlying securities for issuance/cancellation of Depository Receipts
19	Trust to Beneficiaries/On HUF dissolution to Karta & Coparceners	For these types of transfers, supporting documents/ Deeds needs to be provided by transferor/ account holder(s) to Participants

2. Further, the following types of transfers shall be permitted under off-market transfer reason code "Others" till August 31, 2019:
  - a) Processing of corporate debt transaction by custodian.
  - b) Return of client securities by NBFC (which were transferred to NBFC through off market transfer prior to August 03, 2019).
  - c) Reversal of off market transfers effected before August 03, 2019 for reasons not included in the updated list.
3. For transactions involving off-market transfers of securities between two entities including between family members / relatives, the reason code "Gift", 'Donation or 'for Off-Market Sale' may be used depending on the nature of transaction between the concerned parties.
4. SEBI prescribed Stock Lending & Borrowing (SLBM) mechanism may be used for loan of securities.
5. In case of securities being given as collateral to NBFC/Bank or to any other person , pledge mechanism available in depository system shall be used.

The aforesaid enhancements will be implemented in eDPM and SPEED-e system at EOD of Friday, August 2, 2019. Participants are requested to take note of the aforesaid and are requested to inform their clients accordingly.

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

**Chirag Shah**  
**Senior Manager**

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 <sup>th</sup> of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Compliance Certificate (January - June)	July 31st every year	Digitally signed compliance certificate by email at nsdl-bp-inspection@nsdl.co.in Alternatively, by hard copy to Inspection Department.	Circular No. NSDL/POLICY/2010/0017 dated February 22, 2010 and Circular No. NSDL/ POLICY/2018/0028 dated May 21, 2018.