

Circular No.: NSDL/POLICY/2022/085

June 21, 2022

Subject: Suspension of demat accounts in case of non-compliance with 6 KYC attributes.

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2021/0036 dated April 07, 2021 regarding mandatory updation of certain attributes of KYC of clients wherein at point no 6 (d) it was mentioned that *“Thereafter, such non-compliant demat accounts will be liable to be made inactive i.e. no debit will be allowed in such demat account (except for settlement of already open positions)”*.

Participants were intimated vide Circular No. NSDL/POLICY/2022/048 dated March 31, 2022 regarding decision to extend the timeline for existing clients to June 30, 2022.

Participants are hereby advised to inform their clients i.e. 6 KYC non-compliant demat account holders, that if they have any debit transactions to be executed in respect of Pay-in's scheduled after June 30, 2022 viz., account transfer and inter depository transfer, they shall execute such instructions for transferring securities well in advance but before EOD of June 30, 2022 to avoid the risk of non-delivery for sell trades of June 29, 2022 and June 30, 2022.

Participants are requested to note that in case where client fails to update the 6 KYC attributes viz. Name, Address, PAN, valid Mobile No., valid Email ID and Income range in their demat accounts by June 30, 2022, such demat accounts shall be suspended (suspended for Debit) by NSDL until deficient KYC attributes are updated by Participants in NSDL system based on the client request. Out of the mandatory 6 KYC attributes, name and address are already mandatory field in NSDL system and PAN non-compliant demat accounts are already in suspended status.

Procedure for suspension of demat accounts is as under:

1. For demat accounts wherein any one or more of KYC attributes is not updated i.e. Mobile No., Email ID and Income Range (Out of 3 attributes, either anyone OR any two OR all three attributes mentioned above are not updated), NSDL will suspend such demat accounts with reason code 37 (Non-Compliant - 6 KYC Attributes) in eDPM system of Participant. The list of such demat accounts is made available to Participants for their reference on NSDL I-assist portal under maker login at link - *'Files for Freezing of accounts-6 KYC Attributes'* with file name as **'File-1_Anyone or more of KYC attributes not updated'**.
2. For demat accounts wherein details of Mobile No., Email ID and Income range are captured, however Mobile No. or Email ID (or both) captured appears to be invalid in terms of NSDL Circular No. NSDL/POLICY/2021/0036 dated April 07, 2021, Participants are required to review the available Mobile No. and Email ID based on the criteria provided in aforesaid circular and confirm to NSDL latest by **June 25, 2022**. The list of such demat accounts is made available to Participants for their review on NSDL I-assist portal under maker login at link - *'Files for Freezing of accounts-6 KYC Attributes'* with file name as **'File-2_ All KYC attributes updated-Review by participant required'**.

Post the review of records as available in **File-2**, Participants are required to upload back the File-2 (with remarks against each record) in NSDL I-Assist portal under Maker's login in the link – '6 KYC File 2– DP Response' after mentioning the reason against the valid records (which are not required to be suspended) in the **File-2**.

3. For Demat accounts of Institutional Clients (list of such client Type/sub Type mentioned in **Annexure A**) wherein either of KYC attribute is not updated or appears to be invalid i.e. Mobile No./ Office Landline number and/or Email ID as mentioned in NSDL Circular nos. NSDL/POLICY/2021/0081 dated July 30, 2021, NSDL/POLICY/2021/0127 dated December 27, 2021 & NSDL/POLICY/2022/069 dated May 16, 2022. Participants are required to review the available Mobile No./Office Landline number and Email ID based on criteria provided in NSDL circular no. NSDL/POLICY/2021/0036 dated April 07, 2021 and confirm to NSDL latest by **June 25, 2022**. The list of such demat accounts is made available to Participants for their review on NSDL I-assist portal under maker login at link - 'Files for Freezing of accounts-6 KYC Attributes' with file name as '**File-3_ Accounts with SEBI permitted relaxation but not having required details**'

Post the review of records as available in **File-3**, Participants are required to upload back the File-3 (with remarks against each record) in NSDL I-Assist portal under Maker's login in the link – '6 KYC File 3– DP Response' after mentioning the reason against the valid records (which are not required to be suspended) in the **File-3**.

4. In case, no file is uploaded back on i-assist by Participants latest by June 25, 2022 for the records provided in File 2 and 3, the same shall be considered as invalid records and all demat accounts provided in the files shall be suspended (suspended for Debit) by NSDL with reason code 37 (non-Compliant - 6 KYC Attributes) in eDPM system of Participant.
5. Aforesaid 3 files will be provided on NSDL I-assist under maker login with link name as 'Files for Freezing of accounts-6 KYC Attributes'
6. In order to avoid any market disruption and keeping in view the operational convenience, the KYC non-compliant demat accounts will be suspended by NSDL at End of Day (EOD) of July 01, 2022 instead of June 30, 2022. The freeze execution on KYC non-compliant demat accounts will be done by NSDL in advance with future dated freeze execution date of July 01, 2022.
7. **Process to be followed by Participants for preparing and uploading the files:**
 - a. File 2 and 3 with records of clients which require review by the Participant shall be made available by NSDL on I-Assist portal containing Mobile No. / Office Landline number / Email ID details wherever available.
 - b. After reviewing records from File 2 and 3, Participants are required to upload the file on i-assist after mentioning the reason against the valid records as mentioned in point 2 and 3 above.
 - c. Participants are also advised to ensure readiness in their back office to process large COD exports / Client Master Export files arising out of this exercise. Two set of large COD export files may be expected:
 - a. due to future dated order for suspension (before July 01, 2022) executed by NSDL.
 - b. due to actual account suspension (on EOD of July 1, 2022).

- d. The details of such orders for suspension will be available in COD and Client master exports in Local DPM. Participants are therefore requested to ensure that COD export/ Client master export files are processed in their respective Back-office systems.
8. Participants are requested to ensure that all 6 KYC attributes should be available in the demat account before removing the suspension of demat account. In case where request is received from clients for updating deficient KYC attributes (on or before July 01, 2022) and there is future dated instruction for suspension executed by NSDL as per process mentioned above, Participants are advised to update the KYC details in the concerned demat account after due-diligence and **cancel such future dated instructions for suspension marked in such demat account.**
9. Participants are advised to send intimation to clients after suspension of demat accounts on July 1, 2022 via letter/ email/ SMS or any other mode which the Participant may deem fit.

Participants are requested to take note of the above and ensure compliance. For assistance on aforesaid matter, Participants may contact help desk 022 - 48867000 / 24994600 / 24997000 or email at helpdesk@nsdl.co.in.

Participants are advised to take all possible measures so that the demat accounts are compliant before the timeline of June 30, 2022 and no disruption is caused in the market due to non-updation of 6 KYC attributes.

For and on behalf of

National Securities Depository Limited

**Arockiaraj
 Manager**

Enclosed: One

| 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 |
| Annual System Audit Report (y early) | June 30 | Through e-PASS | Circular No.: NSDL/POLICY/2022/068 dated May 13, 2022 |

Annexure- A

(List of Account Type & Sub-Type for Institutional clients)

List of Institutional client Type:

| Account Type Code | Account Type Description |
|--------------------------|---------------------------------------|
| 3 | FII |
| 8 | Mutual Fund |
| 10 | Bank |
| 13 | Foreign Portfolio Investor Individual |
| 14 | Foreign Portfolio Investor Individual |
| 18 | QIB |