

Circular No.: NSDL/POLICY/2022/115

August 12, 2022

Subject: Operational Guidelines in respect of 'Demat Debit and Pledge Instruction' (DDPI).

Attention of Participants is invited to SEBI Circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022 (informed to Participants vide NSDL Circular No. NSDL/POLICY/2022/052 dated April 07, 2022) regarding Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / repledging of securities. In this regard, NSDL vide its circular no. NSDL/POLICY/2022/079 dated June 02, 2022 informed changes in file formats in respect of Demat Debit and Pledge Instructions (DDPI), Reason code for encumbrances and Client maintenance.

In this context, the operational guidelines in respect of DDPI are enclosed at **Annexure** for necessary implementation of the aforesaid SEBI circular.

The changes related to DDPI functionality in respect of Local DPM system will be made available to Participants by **August 26, 2022**. Further, the changes related to DDPI functionality in respect eDPM / Margin Pledge / SPEED-e & SPICE systems will be implemented at EOD of **August 31, 2022**.

Participants are requested to inform their Clients, TM and CM suitably and ensure compliance.

For and on behalf of

National Securities Depository Limited

Arockiaraj

Manager

Enclosed: Two

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

Participants are requested to take note of the following operational guidelines for implementation of the SEBI circular regarding Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.

1. Post implementation of the SEBI circular dated April 4, 2022, PoA will no longer be executed for the conditions specified in paragraph 1.2.1 and 1.2.2 of the aforesaid SEBI circular.
2. The two conditions as specified in paragraphs 1.2.1 and 1.2.2 shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI) (specified as Annexure-A of SEBI circular).
3. Applicability of DDPI for point no. 1.2.1 and 1.2.2 of the aforesaid SEBI circular.
 - a. The DDPI shall also be adequately stamped and duly signed as per the format given in Annexure-A of the aforesaid SEBI circular.
 - b. The DDPI can be digitally signed / e-signed by the clients.
 - c. The client may use the DDPI or opt to complete the settlement process by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves.
4. The existing PoAs given prior to implementation of the SEBI circular dated April 4, 2022 will continue to remain valid till the time client revokes the same.
5. After implementation of DDPI circular, if client revokes the existing POA and provide DDPI to the broker, then all transactions mentioned under clauses 1.2.1 and 1.2.2 of the aforesaid SEBI circular shall be processed using DDPI only.

Proposed changes in NSDL system for DDPI functionality are as follows:

A. Client Maintenance Module of Local DPM system:

i. Creation of DDPI signatory:

Participants can create DDPI Signatory under menu viz., Client Maintenance → Power of Attorney/DDPI → POA Holder, DDPI/POA Signatory → Creation by selecting the Type as 'DDPI Signatory' from the given drop-down option. The other process remains same as applicable for creation of POA signatory.

ii. Creation of DDPI ID:

Participants can create DDPI ID under menu viz., Client Maintenance → Power of Attorney/DDPI → Corporate POA / DDPI Holder → Creation by selecting the radio button as 'DDPI Holder'. The other process remains same as applicable for creation of Corporate POA ID.

iii. Mapping of target demat account of TM and CM:

While creation of DDPI ID, Participants have to select the option as DDPI in favour of Stock Broker from the given drop-down option and then required to capture Target Demat account details of Trading member / Clearing member, which will be used for system validations at the time of processing DDPI based instructions specified at point no. 1.2.1 above. The DDPI ID details will be provided in 'POA ID' field of POA/DDPI Target Client Mapping download file.

iv. Mapping of DDPI ID in client demat account:

Participants can map DDPI ID in client demat account through Client Creation and Client Modification option under POA /DDPI details menu of Local DPM system and through file upload mechanism as mentioned below:

DDPI ID Mapping through Client Creation / Modification File upload (.POA file):

Participants can use existing Client Creation / Modification file format of **.POA file** by mentioning following details of DDPI in detail records:

Field Description	Remarks
POA Type	'C' for Corporate POA 'H' for Individual POA Holder 'D' for DDPI
POA ID / DDPI ID	POA ID: For POA mapping DDPI ID: For DDPI Mapping

The requisite changes are highlighted in attached file formats at **Annexure 1**.

v. Modification facility:

The facility of modification/addition/deletion of DDPI Signatory, DDPI ID and Client-DDPI mapping will be provided to Participants same as applicable for POA modification.

The aforesaid functionalities will be made available through screen as well as file upload mechanism (as per the file formats communicated vide NSDL circular dated June 2, 2022). Further, the requisite changes in Reports/Downloads will be carried out in NSDL system.

B. Transaction Processing – Account Transfer / Inter Depository Transfer / Margin Pledge initiation:

- i. While submitting Client to Trading Member (TM) / Clearing Member (CM) instructions (through screen based / file upload) by TM/CM on the basis of DDPI provided by the clients, Participants are **mandatorily** required to provide details viz., **'DIS Issued to DDPI (static code: 3)'** and **'DDPI ID'** for identification and necessary validations in NSDL system. *(The requisite file formats changes are communicated to Participants vide NSDL's Circular No. NSDL/POLICY/2022/103 dated July 23, 2022)*. The aforesaid mandatory details are applicable in respect of following transactions and certain additional clarifications are provided below:
 - a) Applicable for Client to TM/CM - Account Transfer (Transaction Type: 904) and Inter Depository Transfer (Transaction Type: 925) instructions executed by TM/CM based on the DDPI provided by clients.
 - b) Transactions executed with DIS Type Indicator as:
 - '3' For Electronic-SPEED-e
 - '4' for Electronic-SPICE
 - '5' for Electronic- DSC
 - '6' for Electronic- Others
 - c) The details of aforesaid DIS Types are not required to be updated in DIS Master as these DIS types are tagged as Electronic DIS.

- d) The DIS details viz., 'DIS Issued to Client/POA Holder/DDPI' and 'POA ID /DDP ID' are mandatory in case of DIS Type Indicators i.e. Physical (1) and Fax (2) and requisite details shall be applicable based on the DIS issued to respective entities.
- e) The details of Client demat account and DDPI mapping will be checked/matched at the time of processing of DDPI based instruction.
- f) Details of Target demat account of TM/CM will be validated while execution of DDPI based instructions.
- g) Post successful validations as mentioned above, the DDPI instructions will be processed as per existing block mechanism process.
- h) Participant should note that all the DDPI Instructions (Client to TM/CM: 904 & 925) will be by default considered for Early Pay-in and details of the same will be sent to CC for providing early Pay-in benefits.
- i) In respect of DDPI instructions, the process of blocking of securities in clients account, sending EPI details to CC, matching of instructions with obligation provided by CC and processing of instruction for pay-in will be the same as per block mechanism process mentioned in NSDL Circular no. NSDL/POLICY/2021/0082 dated July 31, 2021 regarding implementation in respect of Block Mechanism in demat account of clients undertaking sale transactions.
- j) Similar to the process of block mechanism, while providing the block securities details to CCs for EPI benefits, NSDL will provide the unique UCC details of transfer instructions viz., UCC, TM ID, Exchange ID etc. The UCC details will not be obtained from the Participant / Brokers / Clients while processing the Account Transfer / IDT instruction under block mechanism. The unique UCC details will be derived from the UCC master as provided by Stock Exchanges based on the instruction details such as Client PAN, CM ID, Market Type and Settlement Number.
- k) Brokers are not required to execute separate Early Pay-in (IDO) instruction for transferring the securities from CM account to CC account for pay-in purpose.
- l) The securities will be blocked in client's account only if NSDL is able to find unique UCC details in UCC master. If the unique UCC details are not identified in UCC master based on instruction details then such instructions will be rejected at NSDL end with reason code 'Unique UCC not available for given Client & TM combination (Code: EDIS43)'. TM to ensure that DDPI facility is made available to the clients having unique UCC with them.
- m) NSDL vide its circular no. NSDL/POLICY/2022/103 dated July 23, 2022 informed Participants regarding changes in file formats in respect of Pay-in related transactions including DDPI and Block Mechanism wherein the UCC details (viz., UCC, TM ID, Exchange ID and Segment ID) have been specified as Mandatory for Account Transfer and IDT instructions. However, it may be mentioned that the aforesaid UCC details will be optional in respect of Account Transfer and IDT instructions for implementation of DDPI functionality. Subsequently, the aforesaid UCC details will be made mandatory and the same shall be informed to Participants separately.

- ii. While processing Margin Pledge initiation instruction based on DDPI provided by the client to the broker, the DDPI ID shall be mentioned in the Margin Pledge initiation (same as a POA ID) which will be validated in Client – DDPI mapping in NSDL system. The other process in respect of Margin Pledge / Re-pledge remains unchanged.

C. Changes on SPEED-e-SPICE / Margin Pledge system:

- a) The TM/CM user will upload list in respect of clients who have given DDPI to them and Participant will authorise the same as Client-DDPI mapping for SPICE functionality.
- b) The TM/CM user will upload batch file for processing Client to TM/CM transactions based on DDPI given by the client to them by mentioning the DDPI ID in the said batch file upload.

- c) The TM/CM user will upload batch file for processing margin Pledge Initiation instructions based on DDPI given by the client to them by mentioning the DDPI ID in the said batch file upload.
- d) The other process for processing SPICE / Margin Pledge initiation file upload remains unchanged.

The changes in respect of file formats pertaining to SPEED-e-SPICE / Margin Pledge system are already communicated to Participants vide NSDL circular dated June 2, 2022.