



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2019/352

July 15, 2019

UPDATED LIST OF REASON CODES FOR OFF MARKET TRANSACTIONS

DPs are advised to refer to following CDSL Communiqués regarding reason codes used while executing off market transactions.

- CDSL/OPS/DP/SYSTEM/6085 dated August 17, 2016
- CDSL/OPS/DP/SYSTEM/2017/442 dated September 11, 2017
- CDSL/OPS/DP/SYSTEM/2018/275 dated May 28, 2018

During a Surveillance meeting at SEBI, it has been decided to implement uniform / standardized reason codes for off-market transfers by both depositories, to provide an audit trail of reasons associated with such transfers as a risk mitigation measure.

A. Accordingly **with effect from August 03, 2019**, the following reason codes will be available to DPs for executing off-market transfers (intra depository or inter-depository):

Reason Code	Description	Remarks
1	Gift.	Existing reason code
2	For Off-Market Sale / Purchase	Existing reason code
5	Transfer to own account(s)	Existing reason code "Transfer between 2 a/c of same holder(s)" is now renamed
10	Implementation of Govt/Regulatory Direction / Orders	Existing reason code
11	Erroneous Transfer Pertaining to Client Securities	Existing reason code
12	Meeting Legitimate Dues of Stock Broker	Existing reason code
13	Open Offer for Acquisition	Existing reason code "For Open Offer / Buy-Back" is now separated
14	Margin to stock broker/ PCM *	Existing reason code "For Margin Purpose" is now separated.
15	Refund of securities by IEPF Authority	Existing reason code "IEPF Refund" now renamed
16	Donation	New Code - to be used when off-market is arising out of donation of securities.
17	For Buy-Back	Existing reason code "For Open Offer / Buy-Back" is now separated
18	Margin returned by stock broker/ PCM *	Existing reason code "For Margin Purpose" is now separated.
19	ESOP/Transfer to employee	New Code - to be used when off-market is arising out of ESOP/securities transferred to employee.
20	Payout - On payments for unpaid securities *	New Code - The reason code to be used by broker when transferring securities to the respective client upon fulfillment of clients' funds obligation.



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Reason Code	Description	Remarks
21	Transfer to PMS Account	New Code - to be used when shares are transferred to PMS client account (PMS facility)
22	Transfer from PMS Account	New Code - to be used when shares are transferred from PMS client account (PMS facility)
23	On Market IDT transfer	New Code - to be used when securities are transferred from one depository to other depository for On Market transactions. i.e. where at least one leg to the transaction is a CM Settlement Account or CC Account.

Following 3 reason codes will be discontinued **with effect from August 03, 2019**:

Reason Code	Description
3	For Market Sale/Purchase
6	Others.
7	Transfer Between Family Members

B. With effect from September 14, 2019, the following reason codes will be available to DPs for executing off-market transfers (intra depository or inter-depository):

Reason Code	Description
1	Gift.
2	For Off-Market Sale / Purchase
5	Transfer to own account(s)
10	Implementation of Govt/Regulatory Direction / Orders
11	Erroneous Transfer Pertaining to Client Securities
12	Meeting Legitimate Dues of Stock Broker
13	For Open Offer Acquisition
14	Margin to stock broker/ PCM *
15	Refund of securities by IEPF Authority
16	Donation
17	For Buy-Back
18	Margin returned by stock broker/ PCM *
19	ESOP/Transfer to employee
20	Payout - On payments for unpaid securities



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Following 3 reason codes will be discontinued **with effect from September 14, 2019**:

Reason Code	Description
21	Transfer to PMS Account
22	Transfer from PMS Account
23	On Market IDT transfer

CDSL system will be enhanced to identify PMS transactions and On-Market IDT transfers, so that the aforesaid reason codes can be discontinued with effect from September 14, 2019:

- ✓ DPs will be able to open a pool account for the Portfolio Managers similar to Clearing Member pool account. After release of system, transfers from and to the Pool Account of PMS Manager will be considered as market transfers.
- ✓ Necessary system changes will be implemented in Inter-Depository module to identify On-Market and Off-Market transfer separately.

DPs are advised to inform & educate their BOs regarding availability of new reason codes (while executing DIS) and dis-continuation of some codes. DPs should ensure correctness of entry while capturing the reason mentioned by the BO on DIS. DPs are also requested to inform their CMs and easiest BOs about the changes. **The updated list of reason codes (as mentioned above) will be available in CDSL system with effect from August 03, 2019 and September 14, 2019 respectively.**

DPs are advised to note the same and make necessary changes if any, in their back office system to incorporate the said change.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

Umesh Kambli
Asst. Vice President – Operations



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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2019/384

July 31, 2019

UPDATED LIST OF REASON CODES FOR OFF MARKET TRANSACTIONS

DPs are advised to refer to CDSL Communiqués no. CDSL/OPS/DP/SYSTEM/2019/352 dated July 15, 2019 wherein we have informed regarding uniform / standardized 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 communiqué, representations were received from market participants for providing additional reason codes to cover certain types of transaction. Accordingly, in consultation with SEBI, it has been decided as follows:

1. Following additional reason codes will be introduced **with effect from August 03, 2019**.

Reason Code	Description	Remarks
24	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
25	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
26	Transposition	To be used for transfer of securities between joint account of same holders (order of holders different in both accounts).
27	Merger/Demerger of Corporate entity	For these types of transfers supporting documents need to be provided by Corporate Entities to DPs
28	Dissolution/ Restructuring/Winding up of Partnership firm/Trust	For these types of transfers, supporting documents need to be provided by transferor/ account holder(s) to DPs
29	Trust to Beneficiaries/On HUF dissolution to Karta & Coparceners	For these types of transfers, supporting documents/ Deeds need to be provided by transferor/ account holder(s) to DPs

2. The following types of transactions shall be permitted under the reason code "Other" 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.



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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/Purchase' 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 to NBFC/Bank or any other entity as collateral (for loan against securities), pledge mechanism available in depositories system shall be used.

DPs are advised to note the same and make necessary changes if any, in their back office system to incorporate the said change. DPs shall also educate their BOs accordingly.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Nayana Ovalekar
Chief Operating Officer



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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2019/405

August 14, 2019

UPDATED LIST OF REASON CODES FOR OFF MARKET TRANSACTIONS

DPs are advised to refer to following CDSL Communiqués regarding uniform / standardized reason codes to be used while executing off-market transactions:

- CDSL/OPS/DP/SYSTEM/2019/352 dated July 15, 2019
- CDSL/OPS/DP/SYSTEM/2019/384 dated July 31, 2019
- CDSL/OPS/DP/SYSTEM/2019/388 dated August 2, 2019

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

1. Following additional reason codes will be introduced **with effect from August 17, 2019**.

Reason Code	Description	Remarks
30	Transfer between Minor Account and Guardian Account	To be used for transfer of securities between Minor Account and Guardian Account
31	Transfer between specified family members	<p>To be used for transfer of securities between specified family members. Depository Participants should obtain the "relation" between the transferor and transferee & keep the same on record.</p> <p>Family members means relatives as given below:</p> <ol style="list-style-type: none">1. Spouse,2. Father (including step-father),3. Mother (including step-mother),4. Son (including step-son)5. Son's wife,6. Daughter,7. Daughter's husband,8. Brother (including step-brother),9. Sister (including step-sister)10. Members of same HUF. <p>Required system changes for capturing "relation" as provided by the transferor shall be informed separately.</p>
32	Transfer between Partner and Firm or Director and Company	To be used for transfer of securities between Partner and Partnership Firm in which he/she is a partner or transfer of securities between Director and the Company in which he/she is a director.



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- 2 Further to ease out the operational difficulties, following type of transactions shall be permitted under the reason code "Other" **till September 30, 2019** instead of August 31, 2019.
- a. Return of client securities by NBFC (which were transferred to NBFC through off market transfer prior to August 03, 2019).
 - b. Reversal of off market transfers effected before August 03, 2019 for reasons not included in the updated list.

DPs are advised to note the same and make necessary changes if any, in their back office system to incorporate the said change. DPs shall also educate their BOs accordingly.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

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