

Circular No.: NSDL/POLICY/2022/170

December 01, 2022

Subject: Framework for deactivation of demat accounts in cases of inadequate KYCs

Attention of Participants is invited to SEBI circular no. SEBI/HO/EFD1/EFD1_DRA4/P/CIR/2022/104 dated July 29, 2022, and NSDL Circular No.: NSDL/POLICY/2022/126 dated September 09, 2022, regarding framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs.

Participants were intimated in the aforesaid NSDL circular dated September 09, 2022 that NSDL shall be forwarding the Show Cause Notice (SCN) / Order issued by SEBI to the respective Participants for onward delivery to their demat account holder(s).

In this context, Participants are hereby advised to take note of the following:

1. Duly signed physical acknowledgment of receipt of SCN/ Orders shall be obtained by the Participant from the noticees in the enclosed format **(Annexure A)** as prescribed by SEBI.
2. The Participants shall submit the physical copy of duly signed acknowledgment obtained by them from their demat account holder(s) as mentioned in point 1 above to NSDL by following the procedure as per aforesaid NSDL circular dated September 09, 2022.
3. a) In case of failure to obtain physical acknowledgment of delivery of SCN/Order from the demat account holder(s) by the Participants and submission of the same, freezing (For Debit and Credit, except for corporate actions) of such demat account shall be done by NSDL under freeze reason 'SEBI SCN / Order Not Delivered / Acknowledged'. In addition to above, PAN level restriction shall also be done by NSDL for such demat account holder(s) so that no new demat account can be opened under the said PAN by any Participants.

b) Wherein no demat account is held with any Participant of NSDL and if other Market Infrastructure Institutions (MIIs) informs about non-delivery of the notice to concerned Noticee, then in such cases, PAN level restriction shall be done by NSDL so that no new demat account can be opened under the said PAN by any Participants.
4. The information regarding the list of restricted PANs/ demat accounts deactivated on account of non-delivery of SCN / Orders in cases of inadequate KYCs is made available on the NSDL

website at following link: https://nsdl.co.in/nsdlnews/pan_deactivated.php Participants are advised to refer the list on a regular basis.

5. If Noticees forming part of aforesaid list approaches the Participant for reactivation of existing demat account or open a new demat account, then Participant shall follow the procedure mentioned at point no. 1 to 3 under section 'Steps for Reactivation of the demat account of Noticee / Addressee' of aforesaid NSDL circular dated September 09, 2022.
6. On receipt of confirmation from Participants / other MIIs, NSDL, shall verify the signed acknowledgement and if found satisfactory, shall initiate steps for removal of PAN from the list of restricted PAN/ demat accounts deactivated and reactivation of all the demat account(s) (including joint account(s)) held within the NSDL by unfreezing the demat account(s) for Debit & Credit'.

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

For and on behalf of

National Securities Depository Limited

Digitally signed by AROCKIARAJ
Reason: Authentication
Date: 2022.12.01 20:12:43 +05'30'

**Arockiaraj
Manager**

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

Annexure A

Acknowledgement on Service of Show Cause Notice (SCN)/Order through Market Infrastructure Institutions for SEBI

Name of the entity and PAN	
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Address where entity is Residing (Present communication address) Mobile Number	
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Details of SCN/Order served to the Noticee at the aforesaid premises

SCN/Order No.	
SCN/Order Date	
Entity Name	
In the matter of	

Details of the Person/Intermediary Serving the Notice/Order

Name of the Intermediary (Broker/DP)	
Date and Time (When the Notice/Order Served)	
Signature of the Person Serving the Notice/Order with office seal of Intermediary	

The Details of the Person received the aforesaid SCN/Order is as follows:

Sign/ Thumb Impression:	
Name:	
Relationship with the entity (if received by representative – Copy of authorisation Letter)	
Mobile Number:	
Address	