

## INDEX

Sl No	Particulars	Page
1	Operational Manual of Lohia Securities Limited – Depository Participant	2
2	ACCOUNT OPENING	2
3	Information to KYC Registration Agency, CKYC Agency (CERSAI) and Clients:	3
4	Information to Client	3
5	DEMATERIALISATION	3,4
6	Rematerlization	4
7	Sale and Delivery of Securities	4,7
8	Scanning of DIS and Monitoring of DIS	7
9	Reissuance of DIS	8
10	Pledge	8,9
11	Freezing/ De-Freezing	9
12	Nomination	9
13	Transmission	10,11
14	Statement of account	11
	<b>Change in demographic details</b>	
15	Change of Address	11
16	Signature	11
17	Change in bank details	11,12
18	Change in SMS flag and / or mobile numbers	12
19	Change in name of Body-Corporate accounts and Individual Accounts	12
20	Closure of Demat Account	12
21	Minor attaining majority	13
22	<u>Aadhaar Letter as Proof of Address for Know Your Client (KYC) norms</u>	13
23	Power of Attorney registration/ de-registration	13,14
24	Implementation of Margin Pledge / Re-pledge module in the depository system	14,15
25	Block Mechanism	15
26	Demat Debit and Pledge Instruction' (DDPI)	16
27	Investor Charter	17
27	Backup	17,18

### **Operational Manual of LOHIA Securities Limited (IN302189) – Depository Participant**

A Depository is like a bank where securities are held in electronic (dematerialized) form. In India, there are two Depositories -National Securities Depositories Limited (NSDL). A dematerialized or demat account is a facility that allows investors to hold shares in an electronic format. This is similar to a bank account, where you keep your money. In this case, a demat account holds the certificates of your financial instruments like shares, bonds, government securities, mutual funds and exchange traded funds (ETFs)

#### **PROCEDURES: -**

##### **ACCOUNT OPENING: -**

1. An investor intending to hold securities in the electronic form in a depository system should open an account with a DP.

The LOHIA will make available the relevant account opening form vide Business Rules Annexure J or K (depending on whether the client is a retail investor or corporate client/clearing member/HUF) and specify the list of documents regarding references that should be submitted along with the form.

The client will submit the duly filled in account opening form. It should also furnish such documents regarding references, as specified by the LOHIA, along with the account opening form.

In case of HUF vide NSDL Circular No.: NSDL/POLICY/2018/0018 Date: March 28, 2018 regarding SEBI guidelines on opening of HUF demat accounts and procedure to be adopted in the event of death of Karta of a HUF. Participants will be required to capture the list of family members as mentioned at point no. (J) of part II of FORM 11 includes the name of Karta of HUF along with other details of Karta in DPM system with respect to HUF account and details of all co-parcener.

In case of HUF Account opening Wife of KARTA and Mother is always a member and others are Coparcener.

LOHIA will verify that the account opening form is duly filled in. It will also verify the enclosed documents, if any. Incomplete forms will be forwarded to the client for rectification. For Corporate Clients, we will verify the board resolution for the authorized signatories are enclosed. In case the documents are not proper, LOHIA will reject the form and intimate the client of the same, stating the reasons for doing so. If the form is in order, LOHIA will accept the same and give an acknowledgment slip duly signed and stamped, to the client. After completion of all documentation, we will enter the client details as mentioned in the account opening form and will capture the client signature in the DPM system. After entering client details in the system, a client account number will be generated by the DPM and the account number will be

entered in the account opening form and then we will give a copy of the report listing the client details captured in the DPM database to the client. The report will be generated by the DPM.

As per SEBI circular and from various authorities regarding mandatory updation of 6-KYC attributes for both existing and new clients is applicable and needs to be updated as per the prescribed deadline from time to time. (Six Attributes – Name, Address, Pan, Valid Mobile number, Valid Email ID and Income Range).

In case of Joint Demat Account All the demat account holders having joint accounts may opt for any one of the following modes of operation of the account by submitting a specific instruction at the time of demat account opening or at a later date duly signed by all the demat account holders:

- i) Jointly;
- ii) Anyone of the holders or survivor(s).

**In- person Verification** We shall required to comply with SEBI Circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011 regarding KYC documents admissible as Proof of Identity and Proof of Address and additional documents to be obtained from individuals and non-individuals, over and above the proof of identity and proof of address. We shall also require to comply with SEBI Circular No. MIRSD/Cir-26/2011 dated December 23, 2011 providing the guidelines for intermediaries, in-person verification and subsequent circulars issued by SEBI from time to time in this regard.

#### **Information to KYC Registration Agency, CKYC Agency (CERSAI) and Clients:**

After doing the initial KYC of the new clients, LOHIA will forthwith upload the KYC information on the system of the KRA and upload the scan documents to the KYC Registration Agency, CKYC (CERSAI) and will retain the Hard copy with them and will produce the same on demand of any regulatory authority. KYC application form and supporting documents will be uploaded within 10 days of the opening of account in the DPM system.

#### **Information to Client:**

The LOHIA will provide the Client Master Report along with a copy of the Rights and Obligation including charge structure to Client In case the Client has opted for DIS booklet along with account opening or in case of BSDA, the DIS booklet must be separately issued to the Client

#### **DEMATERIALIZATION**

Dematerialization is the process by which a client can get physical certificates converted into electronic balances maintained in its account with the Participant in the depository system. Securities held in dematerialized form are fungible, i.e., they do not bear any distinguishing features. An investor intending to dematerialize its securities needs to have an account with a Participant. The client has to deface and surrender the certificates registered in its name to the Participant. After intimating NSDL electronically, the Participant sends the securities to the concerned Issuer/R&T agent. NSDL in turn informs the Issuer/R&T agent electronically about the request for dematerialization. If the Issuer/ R&T agent finds them in order, it registers NSDL as the

holder of the securities and confirms to NSDL electronically. On receiving such confirmation, NSDL authorizes credit to the relevant client account.

### **Procedure for dematerialization**

No requests for dematerialization should be entertained for a person other than the registered shareholder in the books of the company. The client will submit a request to LOHIA in the Dematerialization Request Form for dematerialization along with the certificates of securities to be dematerialized. Before submission, the client has to deface the certificates by writing "SURRENDERED FOR DEMATERIALISATION" as shown in Business Rules Annexure E. LOHIA will verify that the form is duly filled in and the number of certificates, number of securities and the security type (equity, debenture etc.) are as given in the DRF..

### **Checklist before accepting the Demat Request**

- a. Verification of Client's signature on the dematerialization request with the specimen signature (the signature on the account opening form).
- b. Compare the order of holders' names on DRF and Certificates with the Client account.
- c. Paid up status
- d. ISIN
- e. Lock - in status
- f. Distinctive numbers

In case the securities are not in order they are returned to the client. If the form and security count is in order, LOHIA will issue an acknowledgment slip duly signed and stamped, to the client and then the details of the request as mentioned in the form are entered in the DPM and a Dematerialization Request Number ( DRN ) will be generated by the system. The DRN so generated is entered in the space provided for the purpose in the dematerialization request form. Details recorded for the DRN should be verified by a person other than the person who entered the data. The request is then released to DM (DM - Depository Module, NSDL's software system) by LOHIA

LOHIA will punch the certificates on the company name as shown in Business Rules so that it does not destroy any material information on the certificate and will then dispatch the certificates along with the request form and a covering letter to the Issuer/R&T agent.

When the Issuer/R&T agent confirms acceptance of the request for dematerialization, the DM will electronically authorize the creation of appropriate credit balances in the client's account.

In reference to the NSDL Circular No - Circular No.: NSDL/POLICY/2022/138 dated October 04, 2022 - Amendments to Bye Laws and Business Rules of NSDL - Operational Guidelines for Demat of securities received for processing investor service requests. The Participant shall forward the DRF so received, along with the security certificates or the letter of confirmation (as the case may be), to the Issuer or its Registrar & Transfer Agent after electronically registering such request with the Depository. Such DRF shall be forwarded by the Participant not later than seven days of accepting the same from its Client

## **Rematerlization**

If the Beneficial owner request for Rematerlization of shares (for conversion of electronic ISIN into Physical Mode) the request for rematerlization is receipt in the format as specified in the Business Rule of the NSDL. Upon receipt of such request LOHIA verifies the signature of the beneficial Owner with the DPM system and request for conversion is captured in the DPM system.

## **Sale and Delivery of Securities:**

The Beneficial owner can sell dematerialized securities in any of the stock exchanges linked to NSDL through a broker .The beneficial Owner will have to give a 'delivery instruction' to the LOHIA ( if transactions are executed by LOHIA as a broker ) for debit of depository account and credit LOHIA Pool account. This same process also needs to be followed If the beneficial owner have sold the securities from some other trading member and is holding the DP with LOHIA. If the Beneficial owner had given POA to the LOHIA the securities get debited automatically from the client account without any delivery instruction slip and will get transferred to the Pool account of the LOHIA.

## **Process of Delivery of security**

To deliver securities in electronic form, the BO have to authorize the LOHIA to transfer balances from their account by giving duly signed delivery Instruction slip. BO has to mention the counter-party account details. The counter-party account may be within the same DP (Intra-DP transfers) or with a different DP (Inter-DP transfers) within NSDL or with another depository - NSDL (Inter Depository Transfers).

## **Check list before accepting the Delivery Instruction Slip.**

Verification of Client's signature on the DIS request with the specimen signature (the signature on the account opening form). In case of joint account – DIS should be sign by joint holders or mode of operations captured by the Account Holder. ie Jointly; or anyone of the holders or survivor

1. ISIN numbers are correctly written
2. No overwriting is done on the DIS
3. Execution date is correctly mentioned
4. For Market Trades CM BP ID , market Type , settlement Number
5. For Off Market – counter DP ID, DP Name and most important Reason and consideration.
6. In case of sale off-market transfers made for the reason 'off market sale', in addition to mandatorily capturing consideration.

The consideration details to be captured will include:

- a. Mode of payment which can be Cash, Cheque or Electronic payment
- b. Date of payment
- c. In case mode of payment is Cheque or Electronic payment,
  - i. Transferee's name, bank account number and bank name.
  - ii. Transaction reference number for electronic payments or cheque number for cheque payments.

**List of Off Market Reason code is as under:-**

<b>New Reason Code</b>	<b>New Reason Code Name</b>	<b>New Reason Code Name</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
88	Transfer between Minor Account and Guardian Account	To be used for transfer of securities between Minor Account and Guardian Account
89	Transfer between specified family members	To be used for transfer of securities between specified family members: Participants should obtain the "relation" between the transferor and transferee & keep the same on record. Family members means relatives as given below: 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. Requisite system changes to enable capturing the "relation" shall be notified subsequently.
90	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.

	<b>Reasons/purpose of the transfer of securities between BO accounts held in NSDL system ( NSDL TO NSDL)</b>	<b>Reasons/purpose of the transfer of securities from BO account held in NSDL system to account held in other depository ( Inter Depository)</b>
1	Off-market Sale	Off-market Sale
2	Margin to stock broker / PCM	Margin to stock broker / PCM

3	Margin returned by stock broker / PCM	Margin returned by stock broker / PCM
4	Transfer to Own account	Transfer to Own account
12	Buy-back	Buy-back
13	Open offer for Acquisition	Open offer for Acquisition
91	Payout - On payment for unpaid securities	Payout - On payment for unpaid securities
92	Gift	Gift
93	Donation	Donation
94	Refund of securities by IEPF Authority	Refund of securities by IEPF Authority
95	ESOP/Transfer to employee	ESOP/Transfer to employee
96	Implementation of Govt./Regulatory Direction/Orders	Implementation of Govt./Regulatory Direction/Orders
97	Erroneous Transfer pertaining to Client Securities	Erroneous Transfer pertaining to Client Securities
98	Meeting Legitimate Dues of Stock Broker	Meeting Legitimate Dues of Stock Broker

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, further. Additional off-market transfer reason codes shall be added to the list of reason codes with effect from August 3, 2019

After verifying all the details are in order LOHIA will accept the Delivery Instruction slip and will give the acknowledgement of the receipt of the Instruction on the beneficial owner copy. If the Delivery Instruction slip is for the Market Trade and the BO have given the DIS after 4.00 clock for next day Pay –in, LOHIA affixes the stamp “At Client Risk”. In case of Off Market if the execution date is of the same day then the receiving is done with the stamp “At Client Risk” .

Once the delivery Instruction slip is accepted, they are executed as per the Instruction filled up in the DIS by the account holder.

LOHIA officials processing the delivery instruction forms will put their signature on the delivery instruction forms indicating that they have verified the signature There shall also be an indication of the value of the transactions contained in a single delivery instruction form and in case the value of securities on the delivery instruction form amounts to Rs. Five lakh or more, it should be subject to a Three step verification and confirmation from the BO on their registered mobile number prior to execution and LOHIA affixes the stamp “ High value” on the DIS.

In case the account is mark as Dormant in which no transaction has been executed in past six month on receipt of instruction in the dormant account LOHIA should ensure to affix the stamp “Dormant “ on the DIS and subject to a Three step verification.

On verification of the instruction captured by the Maker the checker on verification of the details release the captured instruction by the maker in the DPM system

As the SEBI circular CIR/MRD/DP/ 01/2014 dated - January 07, 2014 Delivery Instruction Slip (DIS) Issuance and Processing

#### **Scanning of DIS: -**

LOHIA scan every DIS executed during a day along with all Annexure / Computer printouts, if any, by the end of the next working day in the manner specified by the depository. As per the circular NSDL/POLICY/2014/0093 Date: August 28, 2014 Specifications for tamper proof storage of DIS image and the guidelines on signing and posting the DIS image and tamper proof storage were issued vide Circular No. NSDL/POLICY/2014/0085 dated August 5, 2014 is followed. **We have opted the NSDL DMS service wherein the entire scanned image are uploaded and digitally sign as per the guidelines.** The Tamper proof image is stored in the manner specified by the NSDL and SEBI.

#### **Monitoring of DIS:-**

Upon issuance of DIS booklets LOHIA make available immediately the following details of the DIS to the depository system electronically as per the guidelines issued by the SEBI for monitoring & Issuance of DIS.

- a. the DIS serial number,
- b. BO ID,
- c. date of issuance

At the time of execution of DIS, LOHIA will enter the serial number of DIS in the depository system for validation of DIS issued to the beneficial owner. For Off Market Transfer from BO to BO it is mandatory to enter the reason code with consideration before capturing any instructions in the DPM system.

In case any Client reports (in writing) that DIS(s) has/ have been lost/ misplaced/ stolen or the account is closed, LOHIA block unused DIS serial number(s) in eDPM and the same is updated to the depository system electronically.

#### **Reissuance of DIS:-**

On receipt of the requisition slip from the beneficial owner for issuance of DIS booklet following points is check before issuance of the slip.

1. Signature of the client on the requisition form
2. If the request is received by Post, we sent the DIS booklet to the registered address of the client in the DPM system.
3. In case of Lost of DIS booklet, on receipt of such request we take the request letter along with the copy of the "general Diary" for the lost of DIS book. Upon receipt of such request we block the earlier unused slips and sent the new book to the registered address of the beneficial owner captured in the DPM system.
4. If client request for the Hand delivery of the DIS book LOHIA ensure that



The client himself have visited the LOHIA office with is valid POI LOHIA on verification of its identity from the KYC submitted earlier the DIS book is issued to him and his signature is recorded in the Issuance register under verification of LOHIA official.

5. If the client authorizes a representative to collect DIS, LOHIA Hand-over the DIS booklet to the authorised person, only after establishing the identity of the authorised person (refer Circular no. NSDL/POLICY/2009/0029 dated April 16, 2009 for list of identity documents, which can be obtained by Participant). However, in case the Participant is not in a position to establish the identity of the authorised person, DIS booklet is sent through registered post/courier, to the address of the Client.
6. In case a Client reports (in writing) that the Requisition form (slip) has been lost / misplaced / stolen – LOHIA Send DIS booklet through registered post/courier, to the address of the Client registered with the Participant. However, in case the Client or its authorised person comes in person to collect the DIS, it may be handed-over only after the identity of the person as per the operating Instructions
7. In case a request for issuance of DIS booklet is received through post/courier immediately (i.e. within 30 days) after change in the address in the depository account of the Client LOHIA obtain an independent confirmation (by way of letter/email/telephone) from the Client(s) in this regard, before issuing the DIS. The same is verified from the Audit trail in the DPM system

#### **Pledge:-**

Securities held in demat form can be pledged/hypothecated by the client to avail of loan/credit facility. Pledge of securities in NSDL depository requires that both the borrower (pledgor) and the lender (pledgee) should have a demat account with any of the DPs with NSDL and Pledge of securities in NSDL depository requires that both the borrower (pledgor) and the lender (pledgee) should have a demat account with any of the DPs with NSDL. The facility for Inter Depository pledge (where pledgor and pledgee has a demat account with different depositories) is not available.

Following are the steps involved in Pledge/Hypothecation

Creation of Pledge: The pledgor submits duly filled in Pledge Request Form to his DP for Creation of Pledge. On execution of the instruction by the LOHIA a pledge order no. is generated for each ISIN.

Before accepting any Pledge instruction all the basic details such as Signature, Name of the account holder, Date and other relevant details are verified before executing any Instructions.

The pledgee submits duly filled in Pledge Request Form quoting the Pledge Order No. (given by the pledgor) to his DP. On execution of the instruction the shares are marked as pledged in the pledgor's account. Pledge balances cannot be transferred.

#### **Freezing/ De-Freezing.**

The client has an option to freeze his account in case he does not intend to do any transaction in the near future. These helps in curbing unauthorized use of demat account & prevention of frauds. Once freezed the account can be defreezed only on the instruction of the account holders.

The Beneficial Owner may exercise the right to freeze/defreeze his/her demat account maintained with the LOHIA in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions:

Freezed for Debit/ Credit

Freezed for All

ISIN Freezing

Quantity Freezing

The LOHIA have the right to freeze/defreeze the accounts of the Beneficial Owners on receipt of instructions received from any regulator or court or any statutory authority

Defreezing of the account is required to enable the account again for transaction. The request for freezing & defreezing must be submitted in the prescribed form

#### **Nomination:**

The Beneficial owner can make a nomination in favour of any person by filing up the nomination details in the account opening form. This is to enable the nominee to receive the securities after the death of all the holder(s) of the demat account. Where a nomination has not earlier been made or where an earlier nomination is ought to be changed the BO holder can submit the request in the format as per Annexure – JA of the business rule of the NSDL. As per NSDL the BO holder can nominate maximum upto three Nominee in his Demat Account specifying the share of each Nominee in the format provided. LOHIA on receipt of the Nomination request and after validating all the required details the request for Nomination is in process and is updated in the DPM system

In reference to the SEBI Circular SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021 regarding Nomination for eligible Trading and Demat Account. In this regard Investor opening new Trading or demat Account from 01st October 2021 shall have the choice of providing nomination or opting out nomination. Further all existing eligible Trading and Demat Account shall provide choice of Nomination or before March 2023 failing which trading and demat account shall be frozen for debits.

#### **Transmission:**

Transmission of securities refers to the transfer of securities from an account to another as a result of the death of the sole/any of the holders of the former account

Surviving holders

If the former account is a joint holding account and there is at least one survivor, the survivor(s) can request the DP for the securities to be transferred to his/their demat account.

#### **Nominee where a nomination has been made**

If there is no survivor amongst the account holders and a nomination had been made by the holder(s) earlier, the nominee can request the DP for the securities to be transferred to his demat account.

In addition to the documents specified under Common Requirements an Affidavit duly completed by the nominee in the format specified by NSDL and attested by a notary/magistrate should be submitted by the claimant.

### **Legal heir where a nomination has not been made**

If there is no survivor amongst the account holders and a no nomination had been done by the holder(s) earlier, the legal heirs can request the DP for the securities to be transferred to his demat account. In addition to the documents specified under Common Requirements a true copy of the Succession certificate or Probate or Letter of administration duly notarized should be submitted by the claimant if the value of securities is more than 15 Lacs.

### **Common Requirements**

No transaction charges will be levied for transfer of shares from the old account to the account new account

If the demat account of the claimant does not exist, a new demat account will need to be opened. If the claimant is having a demat account but with another DP, a proof of the same is required from the other DP. (Client master from the DPM)

The claimant only needs to approach the DP. He need not lodge a claim for transmission separately with each issuing company or its R&T Agent. The following documents should be submitted

Documents required for Transmission of Securities as per SEBI circular No - SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/65

LOHIA on receipt of the documents verifies the documents and if found correct and in order the request for transmission is processed and if any rejection is found the same is returned to the BO along with the reason for rejections.

### **Procedure for processing request for Transmission, Transfer Cum Closure and Closure of NIL balance demat accounts, where demat accounts are suspended for 6-KYC non-compliance**

To facilitate processing of above requests, a new check box named as 'Unfreezing done for processing Transmission/Transfer Cum-Closure/Closure of Nil Bal. a/c which is 6 KYC Non-Compliant' is introduced in 'Account Unfreeze' module of e-DPM for unfreezing of demat accounts which are suspended for 6- KYC Non-compliance

In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta of the HUF who in such a case shall be eldest coparcener in the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF as per NSDL Circular No.: NSDL/POLICY/2022/123 dated - September 01, 2022

### **Statement of account**

LOHIA will provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.

However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding half yearly to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.

In case of Basic Services Demat Accounts / RGESS account, the LOHIA will send the transaction statements as mandated by SEBI and/or Depository from time to time.

Accounts with zero balance and nil transactions during the year: LOHIA will send one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account

Accounts which become zero balance during the year: For such accounts, no transaction statement may be sent for the duration when the balance remains nil. However, an annual statement of holding shall be sent to the BO.

Accounts with credit balance: For accounts with credit balance but no transactions during the year, one statement of holding for the year shall be sent to the BO.

### **Change in demographic details**

#### **Change of Address**

The following requirements should be complied with:-

Written application for change of address from the Client (In case of joint holdings, all holders must sign the application); along with the documents as specified in the Operating Instructions of the NSDL.

LOHIA on receipt of the documents for the change of address from the beneficial owner, if found correct in all respect and in accordance with Operations manual of the NSDL the request for change of address are captured in the DPM system.

After effecting the change of Address in the DPM system the communication of the change of address is sent to the BO confirming the change of address to the old address and the new address.

After effecting the change of address in the DPM system the required details along with all the documents are uploaded to the KYC Registration Agency in accordance to the SEBI guidelines

#### **Signature**

The Client should make a request in writing specifying reasons for change in signature. New signature should be duly attested by Client's banker. BO should visit the LOHIA personally and produce valid POI and POA. In the presence of officials of LOHIA, Client should affix his/her new signature. An authorised official of the LOHIA shall, under his signature, verify the identity proof with the proof and photograph that were furnished at the time of opening of account and thereafter, if found satisfactory, the request for change of Signature is captured in the DPM system.

#### **Change in bank details**

LOHIA should obtain written request signed by the authorised signatories, request submitted by the Client is completely filled, including the bank account particulars of the Client and properly signed (signed by all the holders in case of joint holdings and by authorised signatories in case of body-corporate) (NSDL/PI/97/119 dated July 22, 1997). If found all the details are in order as and per the operating Instruction/ Business rule of NSDL the request for change of bank is processed in the DPM system.

### **Change in SMS flag and / or mobile numbers**

LOHIA must obtain a written request from the Client for change in mobile number and or SMS flag

For joint holdings, the written request must be signed by the holder whose mobile number and or SMS flag is being changed. LOHIA on receipt of the request if found in accordance to the Business Rule of the NSDL captures the request in the DPM system.

### **Change in name of Body-Corporate accounts and Individual Accounts.**

LOHIA on receipt of the request for the change of Name in the Body-Corporate accounts and Individual accounts follows the procedure as prescribed by the NSDL as per the operating Instructions. Upon receipt of all the documents are in order the request for the change of Name is captured in the DPM system.

After effecting the change of Name in the DPM system the required details along with all the documents are uploaded to the KYC Registration Agency in accordance to the SEBI guidelines

### **Closure of Demat Account.**

If the BO wants to close the Demat account held with LOHIA then the BO should make the request the prescribed format. On receipt of the request LOHIA and before closing the Demat Account following check are done by LOHIA

### **Minor attaining majority**

On minor attaining majority (i.e. 21 years of age in case of minor whose Guardian is court-appointed or 18 years where minor's account is represented by a natural guardian), LOHIA follows the procedures as specified in the operating Instructions of the NSDL.

### **Aadhaar Letter as Proof of Address for Know Your Client (KYC) norms**

In consultation with Unique Identification Authority of India (UIDAI), Government of India, it has now been decided that the Aadhaar Letter issued by UIDAI shall be admissible as Proof of Address in addition to its presently being recognized as Proof of Identity.

As per the notification issued by the regulator wherein they have ordered all account holder to link Adhar Card to their accounts as per the prescribed guidelines otherwise Account will be suspended. In case any account is not linked with Aadhaar before that date, then those accounts would be suspended, till Aadhaar is linked.

## **Power of Attorney registration/ de-registration**

For registration of Power of Attorney the clause mentioned in Operating Instructions should form the part of the attorney registration apart from other clauses. LOHIA should ensure that the other clauses mentioned in the POA are not contradictory with each other and with SEBI guidelines. Upon verification of all the documents the request for registration of POA will be captured in the DPM system.

## **Addition / Deletion / Modification of Power of Attorney holder**

In case the depository account is operated by Power of Attorney and there is an addition / deletion / modification of Power of Attorney holder(s) of such an account, LOHIA should carry out the changes in the DPM System after obtaining written request which is duly signed by the Client (signed by all the holders in case of joint holdings and in case Power of Attorney is given by any one holder to any person; same can be added/ deleted/ modified based on the instruction of that holder) or in case of non-individual account duly signed by the authorized signatories and new Power of Attorney in case of addition / modification. In case of deletion, Power of Attorney holder(s) can also submit the request for deletion of Power of Attorney holder(s) from the depository account.

LOHIA on receipt of such request should ensure to dislodge the signature of the Power of Attorney holder(s) from the DPM System for deletion.

## **POA favoring Stock Brokers**

POA executed in favour of a Stock Broker by the client should be limited to the points as per the operating Instructions/ Business rule of NSDL. LOHIA should ensure that the POA favouring Stock broker are strictly adhere to the points as per the SEBI circular and NSDL operating Instructions/ Business Rule.

## **General points regarding Power of Attorney**

1. It is the responsibility of the LOHIA to verify whether the Power of Attorney is adequate and sufficiently authorising the holder of the Power of Attorney
2. LOHIA should ensure that the signatures of the account holder(s) and the Power of Attorney holder are captured in the DPM System
3. With respect to accounts that are operated through Power of Attorney, LOHIA should ensure to enable the Power of Attorney flag of such account.
4. For updation of POA in the existing Demat account the updation of Mobile and Email is mandatory.
5. Before Updation of POA in the DPM system LOHIA should ensure that POA form is stamped as per the guidelines.

## **Implementation of Margin Pledge / Re-pledge module in the depository system**

With effect from June 01, 2020, TM / CM shall, inter alia, accept collateral from clients in the form of securities, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996 read with Regulation 79 of the SEBI (Depositories and Participants) Regulations, 2018 and the relevant Bye Laws of the Depositories. Transfer of securities to the demat account of the TM / CM for margin purposes (i.e. title transfer collateral arrangements) shall be prohibited.

### **Initiation of Margin Pledge / Re-pledge**

Client can initiate a margin pledge in favour of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin Pledge Account' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e. Such instructions should have details of client UCC, TM, CM and Default Segment. In case the client has given a Power of Attorney (POA) to a TM which is registered in the demat account of the client, such instructions may be given by the TM on behalf of the Client.

On receipt of margin pledge instruction either from a client or TM (based on the POA), a link to 'Confirm Margin Pledge Transactions' would be generated and sent by NSDL through SMS on registered mobile number and registered e-mail id in the demat account of a client. On clicking the said link, client will be redirected to a web page where client will be authenticated with "PAN" (not applicable in case of PAN exempt clients), After authentication, One Time Password (OTP) will be sent on the registered mobile number and registered e-mail id of the client and client will be displayed the details of outstanding margin pledges for the specific TM. On OTP authentication, margin pledge transaction would be processed further.

As the margin pledge transactions have to be authenticated by the client using OTP, Participants are advised to ensure that the client is registered for SMS alert facility and has a valid and active email ID registered in the demat account.

TM/CM can initiate a margin re-pledge in favour of 'CM – Client Securities Margin Pledge Account' / 'CC' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

### **Release of a Margin Pledge / Re-Pledge**

Client can initiate a release of margin pledge request for the securities pledged/ re-pledged with TM/CM/CC for margin/collateral purpose by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

For release of client securities (based on client request to TM) pledged in favour of a TM to provide collateral / margin, the TM can initiate a unilateral release of pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

For release of client securities (based on TM request to CM) pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM, the CM can initiate a

release request (by the way of unilateral closure) of re-pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

TM /CM/CC may initiate request for release of margin pledge/re-pledge.

#### **Invocation of Margin pledge/ re-pledge:**

TM/CM may initiate an invocation request of pledged/ re-pledged client securities by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

CC may initiate an invocation request of re-pledged client securities by giving an instruction to the depository.

#### **Block Mechanism in demat account of clients undertaking sale transactions**

SEBI, vide circular no. CIR/HO/MIRSD/DOP/P/CIR/2021/595 dated July 16, 2021, introduced block mechanism in the demat account of clients undertaking sale transactions, for ease of operations in Early Pay-in mechanism. In this Block Mechanism the shares of the Investors does not move to the Pool Account of the Broker but, shares of a client intending to make a sale transaction will be blocked in the client's demat account in favour of the clearing corporation concerned. After the Obligation is matched with CC by the Depository, shares lying the Investor Account move to CC Account on Pay-in Day. If any excess shares are blocked, they are made free in the client Demat Account itself by the CC.

However at the early stage SEBI made this facility on optional basis Early Pay-in mechanism shall also continue.” However with SEBI Circular Dated 27th Oct 2022 made it Mandatory from November 15, 2022.

#### **Demat Debit and Pledge Instruction’ (DDPI)**

SEBI vide circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022 issued guidelines regarding execution of ‘Demat Debit and Pledge Instruction’ (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / repledging of securities.

In order to make the process more transparent and simpler, the conditions as specified shall be made part of a separate document viz. ‘Demat Debit and Pledge Instruction’ (DDPI), under which the clients shall explicitly agree to authorize the stock broker/stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of PoA and significantly mitigate the misuse of PoA. The client may use the DDPI or opt to complete the settlement by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves. Hence, with the implementation of this circular, PoA shall no longer be executed for the conditions specified in DDPI. The existing PoAs shall continue to remain valid till the time client revokes the same. As per the NSDL Circular No.: NSDL/POLICY/2022/165 dated : November 26, 2022 Implementation of DDPI and Extension of timeline for implementation of Pay-in Validation, SEBI vide its aforesaid circular dated November 25, 2022 has given extension in



respect of implementation of Execution of Demat Debit and Pledge Instruction' (DDPI) on or before January 20, 2023 and Pay-in validation from January 27, 2023.

#### **General Points of DDPI:**

1. Transfer of securities held in my / our beneficial owner account towards Stock Exchange related to deliveries / settlement obligations arising out of trades executed by me / us on the Stock Exchange through LOHIA SECURITIES LIMITED
2. Transfer of securities held in my / our beneficial owner account towards Stock Exchange related to deliveries / settlement obligations arising out of trades executed by me / us on the Stock Exchange through LOHIA SECURITIES LIMITED
3. Mutual Fund transactions being executed on Stock Exchange order entry platforms
4. Tendering shares in open offers through Stock Exchange platforms

#### **NSDL's various investor centric initiatives - Dos and Don'ts for investors / demat account holders**

For the safety of investors and make them prudent, NSDL has regularly launched various investor centric initiatives to provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights. Few of the initiatives including Dos and Don'ts for the investors as per NSDL Circular No.: NSDL/POLICY/2022/104 Dated July 25, 2022.

#### **Investor Charter**

In reference to the SEBI Circular SEBI/HO/MIRSD/DOP/OW/P/2021/37347/1 dated December 15, 2021 has issued Investor Charter and disclosure of Investor Complaints by Participants on their Website. In abovementioned letter SEBI has directed that Participants are advised to bring the Investor Charter for Depositories and Depository Participants (copy placed at Annexure A) along with the information to be provided in the links of the charter (Copy placed at Annexure B), to the notice of their clients (existing as well as new clients) through publishing the Investor Charter on their respective websites, making them available at prominent places in the office, provide a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters etc. The Link for accessing the Investor Charter Documents is <https://www.Lohiasecurities.com>

#### **Backup**

As all Participants are aware, it is important to take backups of the DPM system on a daily basis. Taking regular backups as per the stipulated procedure will help Participants recover the database in a situation of crisis, which otherwise could severely jeopardize business recovery plan and recreation of the database of the DPM system. In the event of DPM system crash, NSDL may assist the Participant in recreating the database to the extent feasible. In case the previous day's proper backup is available, and then recreation of the DPM system would be done without any delay.

LOHIA take regular backup as prescribed by the NSDL guidelines.

Details of Backup are as below:

1. Even and Odd basis – Backup is being taken on external USB (one set Local Backup & other Remote Backup)
2. At the end of Month, we take ESR, RAID & Reorg.
3. The backup include all the files generated by the DPM and the NSDL server which also include DMS (storing of tamper proof image).
4. Regular Backup register is maintained as prescribed by NSDL.