SHRI KRISHNA SHARE BROKERS PVT LTD

Members: NSE Stock Exchange and BSE Stock Exchange

OPERATIONS MANUAL NSDL DP- IN304625

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Approved By: Compliance Officer

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1. INTRODUCTION

1.1 Purpose

This manual establishes standard operating procedures for all depository activities carried out by the DP under NSDL framework.

It ensures:

- Regulatory compliance
- Operational accuracy
- Investor protection
- Internal control discipline
- Risk mitigation
- Audit readiness

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2. REGULATORY FRAMEWORK

Operations shall comply with:

- Depositories Act, 1996
- SEBI (Depositories and Participants) Regulations, 2018
- NSDL Business Rules
- NSDL Operating Instructions
- Prevention of Money Laundering Act (PMLA)

- SEBI KYC norms
- FATCA / CRS requirements
- IT Security & Cybersecurity guidelines
- Internal Risk & Surveillance Policy

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3. DP ORGANISATIONAL STRUCTURE

3.1 Key Roles

Compliance Officer

Responsible for:

- Regulatory compliance
- NSDL communication
- Audit closure
- Escalation handling

DP Operations Head

Responsible for:

- Daily transaction monitoring
- Process adherence
- Exception resolution

Account Opening Team

Responsible for:

- KYC verification
- Documentation scrutiny
- Client onboarding

Transaction Processing Team

Responsible for:

- Transfer instructions
- Demat/remat requests
- Pledge processing

Surveillance Officer

Responsible for:

- Suspicious transaction monitoring
- Alert review
- AML reporting

IT Security Officer

Responsible for:

- System access controls
- Backup
- Cybersecurity

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4. CLIENT ACCOUNT OPENING

4.1 Types of Accounts

- Individual
- Joint Account
- NRI Account
- Corporate Account
- HUF
- Trust

- Partnership Firm
- Clearing Member Account
- Intermediary Account

4.2 Documents Required

Individuals

- PAN
- Aadhaar / Address Proof
- Photograph
- Bank Proof
- Income Proof (if required)
- Signature specimen
- Mobile & email verification

Non-Individuals

- PAN
- Incorporation Certificate
- MOA / AOA
- Board Resolution
- Authorized signatory list
- KYC of directors/signatories
- Beneficial ownership declaration

4.3 Verification Process

Staff must verify:

- KYC completeness
- PAN validation
- Signature consistency
- IPV completion
- CKYC validation
- Sanctions screening

4.4 Account Creation in DPM

Generate:

- DP ID
- Client ID
- Client Master

Dispatch:

- Welcome kit
- Rights & obligations
- Tariff sheet
- DIS booklet acknowledgment

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5. DEMATERIALISATION PROCESS

5.1 Receipt of DRF

Verify:

- DRF completeness

- Client signature
- ISIN correctness
- Certificate quantity match
- Defacement:
  "Surrendered for Dematerialisation"

5.2 Data Entry

Maker enters request into NSDL DPM system.

Checker verifies:

- Client account
- Quantity
- ISIN
- Folio details

5.3 Dispatch to RTA/Issuer

Documents dispatched within prescribed timeline.

Maintain:

- Dispatch register
- Courier proof
- DRN tracking

5.4 Confirmation/Rejection

On confirmation:

- Credit securities

On rejection:

- Notify client
- Return rejected certificates

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6. REMATERIALISATION

Client submits RRF.

Verification:

- Available balance
- Freeze status
- Signature match

Process:

- Enter request in DPM
- Generate RRN
- Forward to issuer/RTA

Track until physical certificates issued.

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7. DELIVERY INSTRUCTION PROCESSING

Includes:

- Market transfer
- Off-market transfer
- Inter-depository transfer

7.1 DIS Validation

Check:

- Serial number
- Signature
- ISIN
- Quantity
- Settlement number
- Execution date
- Counterparty DP details

7.2 Processing Controls

Dual authorization mandatory:

- Maker input
- Checker release

DIS misuse controls:

- Lost booklet blocking
- Signature mismatch hold
- Dormant account verification

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8. PLEDGE / HYPOTHECATION OPERATIONS

Activities:

- Creation
- Confirmation
- Closure
- Invocation

Verification:

- Instruction completeness
- Holder authorization
- Available free balance

Monitor:

- Pending pledge confirmations
- Rejected requests

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9. ACCOUNT MODIFICATION

Permitted changes:

- Address
- Contact details
- Bank details
- Nominee update
- Income range
- Email/mobile

Require:

- Written request / digital authentication
- Documentary proof
- Maker-checker approval

Critical changes require enhanced verification.

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10. FREEZE / UNFREEZE OPERATIONS

Types:

- Debit freeze

- Credit freeze
- Full freeze
- ISIN freeze

Verification:

- Client request authenticity
- Authorization validation

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11. NOMINATION & TRANSMISSION

Nomination

Obtain:

- Prescribed nomination form
- Witness if required

Update in DPM.

Transmission

Documents:

- Death certificate
- Legal heir proof
- Indemnity / succession docs

Legal review mandatory before transfer.

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12. ACCOUNT CLOSURE

Verify:

- Zero balance

- No pending pledge
- No pending demat/remat

Process:

- Obtain closure form
- Execute transfer if required
- Close in DPM
- Archive records

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13. CORPORATE ACTION HANDLING

DP must monitor:

- Bonus
- Split
- Merger
- Rights
- Dividend mandates
- Buyback entitlements

Responsibilities:

- Client communication
- Reconciliation
- Exception resolution

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14. RECONCILIATION

Daily reconciliation:

- Client balances

- NSDL holdings
- Internal ledger

Investigate immediately:

- Shortfall
- Excess
- Pending entries
- Failed transactions

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15. SURVEILLANCE & AML MONITORING

Monitor:

- High-value transfers
- Sudden account movement
- Frequent off-market transfers
- Circular movement
- Dormant activation spikes

Actions:

- Review alerts
- Document findings
- Escalate suspicious activity
- File STR where applicable

Alert disposal timeline:
Within 30 days

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16. CUSTOMER GRIEVANCE HANDLING

Channels:

- Email
- Branch
- Telephone
- NSDL escalation

TAT:

- Acknowledge: 24 hours
- Resolution: 7 working days

Escalation matrix:

Level 1 → Branch
Level 2 → Operations Head
Level 3 → Compliance Officer
Level 4 → NSDL / SEBI SCORES

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17. RECORD RETENTION

Maintain:

- KYC records
- DIS logs
- DRF/RRF copies
- Audit reports
- Exception registers
- Complaint records

Retention:
8 years minimum or as prescribed

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18. INTERNAL AUDIT

Frequency:

- Half-yearly internal audit
- Concurrent checks
- Surprise inspection

Audit scope:

- KYC compliance
- Transaction controls
- Security controls
- AML compliance
- Exception reporting

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19. INFORMATION SECURITY

Controls:

- Role-based access
- Password rotation
- USB restrictions
- Antivirus
- Daily backups
- Disaster recovery testing
- CCTV at sensitive zones

Unauthorized access → immediate incident reporting.

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20. BUSINESS CONTINUITY

DP must maintain:

- DR site
- Backup communication line
- Alternate processing setup
- Recovery drill logs

RTO:
Within regulatory prescribed timelines.

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21. STAFF TRAINING

Mandatory:

- NSDL operational certification
- Annual compliance training
- AML training
- Cybersecurity awareness

Maintain training attendance register.

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22. EXCEPTION MANAGEMENT

Document:

- Operational error
- Root cause
- Corrective action
- Preventive control

Escalate critical breaches immediately.

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23. MANAGEMENT REPORTING

Daily MIS:

- Transactions processed
- Rejections
- Pending requests
- Exceptions

Monthly MIS:

- Complaints
- Audit observations
- Surveillance alerts
- Compliance breaches

Quarterly:

- Board compliance report

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24. CODE OF CONDUCT

Staff shall:

- Maintain confidentiality
- Avoid conflict of interest
- Prevent misuse of client data
- Follow maker-checker discipline
- Report irregularities

Violation invites disciplinary action.

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25. ANNEXURES

Include:

- Account opening checklist
- DRF checklist
- DIS verification checklist
- Transmission checklist
- Audit checklist
- Escalation matrix
- TAT matrix
- Exception log template
- Compliance certificate formats