



**23rd ACG Cross Training Seminar  
Bali – Indonesia**

**New Services and Initiatives  
(National Securities Depository Limited)**

# Overview

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- Client Asset Protection – Unpaid securities with TM/CM.
- NSDL as an FIP - Account Aggregator framework
- Commercial Paper Platform
- Security & Covenant Monitoring Platform for Corporate Bonds-DLT
- Electronic Gold Receipt
- NSDL Tax Services
- NSDL-Consolidated Account Statement

# Client Asset Protection – Unpaid securities with TM/CM

## Previous process

- Segregation of client's securities from owned securities.
- Pay-out of securities to client's demat account within one working day.
- In case client has not paid, TM/CM will hold securities in a designated account.
- On receipt of payment, securities transferred to client's account

## New process

- If client has not paid, transfer to client's demat account with pledge marked in favour of TM/CM.
- If client fulfills its funds obligation, pledge released and securities are available to the client as free balance.
- If client does not fulfill its funds obligation, TM / CM shall dispose off such unpaid securities in the market.

- Protect clients' funds and securities and ensure segregation of client's securities or moneys with TM and CM.
- Streamline the process of handling of unpaid securities by TM/CM.
- Email / SMS notification to clients after pledge creation by TM/CM.

## NSDL as an FIP - Account Aggregator framework

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- The account aggregator (AA) framework facilitates real-time sharing of financial information between regulated entities.
- Financial entities regulated by SEBI, RBI, IRDA and PFRDA are allowed to share data with account aggregators after taking user consent.
- Framework for participation by CSDs as Financial Information Providers (FIP) in Account Aggregator framework.
- An AA, is a RBI regulated NBFC that facilitates retrieval or collection of financial information, pertaining to a customer, from FIP on the basis of explicit consent of the customer.
- NSDL shall be providing the information to AAs in respect of holding and transactions in different financial instrument types viz., Equity, Mutual Fund, ReIT, INVIT etc.

# Commercial Paper Platform

## Past process

- Paper based process with multiple stakeholders
- Two step process of ISIN activation and corporate action credit.
- Time consuming process



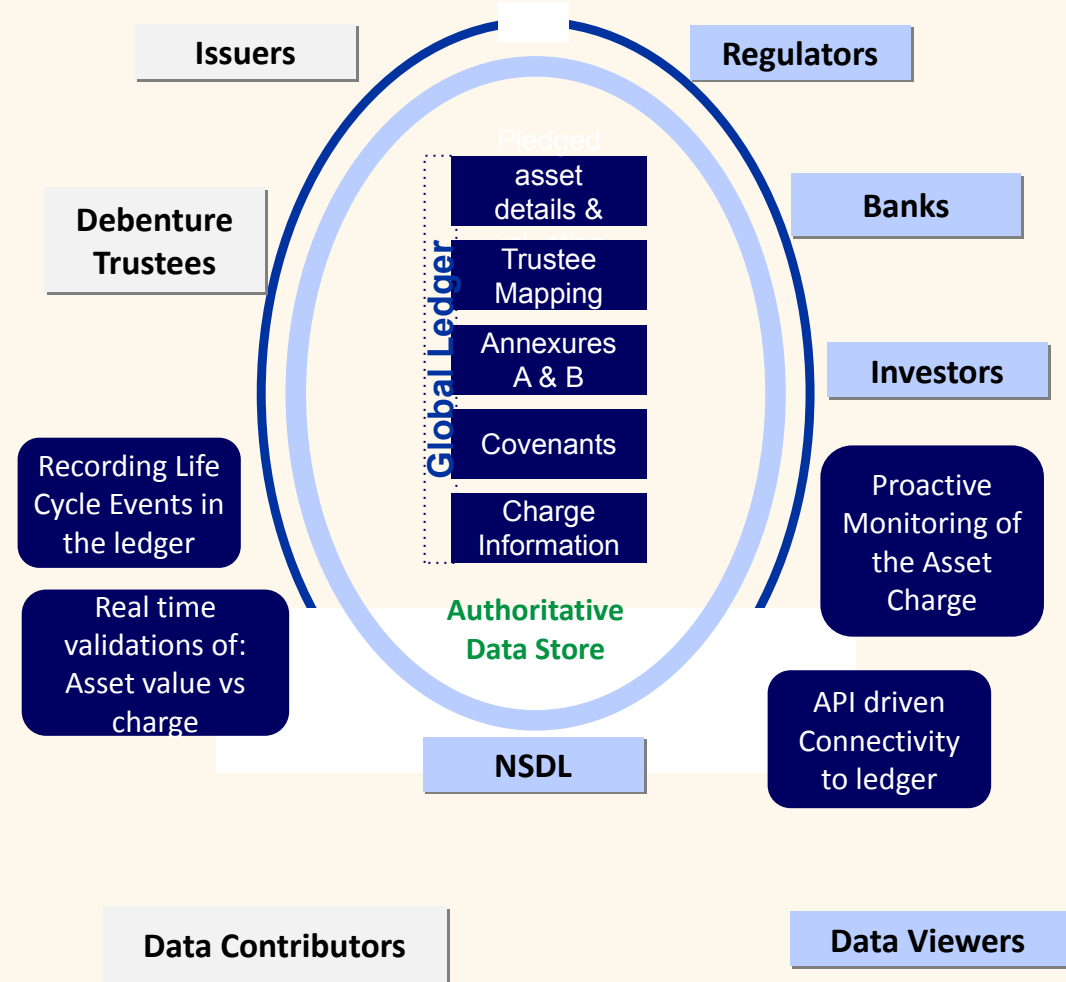
CP  
Platform

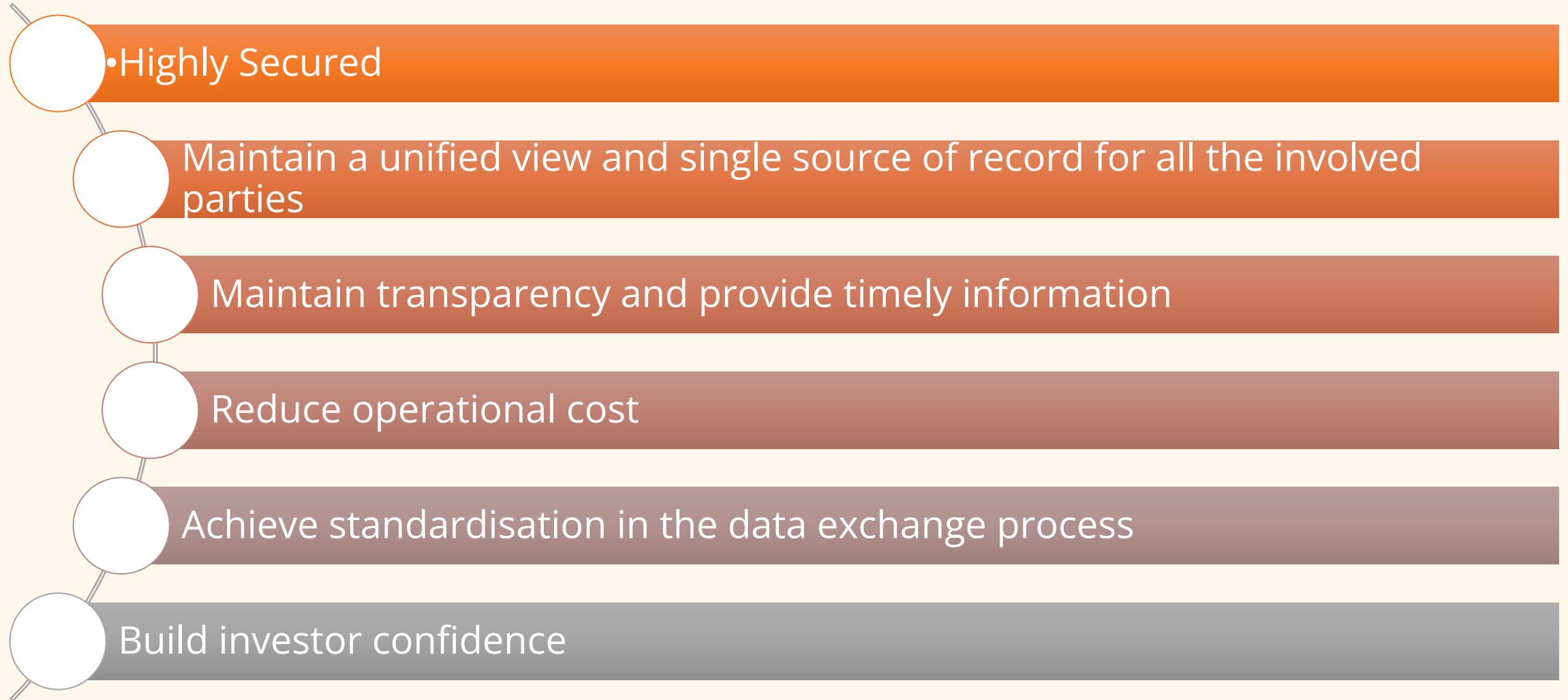
## Current process

- Portal access given to all stakeholders i.e. Issuer, RTA, IPA and investors involved.
- End to end digitisation of CP issuance.
- CP issuance possible in T+0 basis.

# Security & Covenant Monitoring Platform for Corporate Bonds-DLT

- NSDL has developed a state-of-art DLT Blockchain based platform for the Debenture Security and Covenant Monitoring System, facilitating the monitoring of the security given and the covenants to bring about greater discipline and transparency to this market segment.
- Platform is highly scalable in nature and can be leverage out to cover all the external borrowings of an entity duly verified by lenders/security trustees etc. (including term loans, working capital loans, etc.) along with the required disclosures of all material events to form a comprehensive view of total indebtedness of a corporate borrower.





# Electronic Gold Receipt

- SEBI has created framework for operationalizing the Gold Exchange in India.
- Transaction in the Gold Exchange has been divided into three tranches :

1<sup>st</sup> Tranche:

Conversion of physical Gold into EGR

Investor deposits physical gold with vault manager

CSD + Vault Manager create EGR

2nd Tranche:

Trading of EGR on stock exchange/s

Trading of EGR on exchanges

Clearing and settlement of EGR

3rd Tranche:

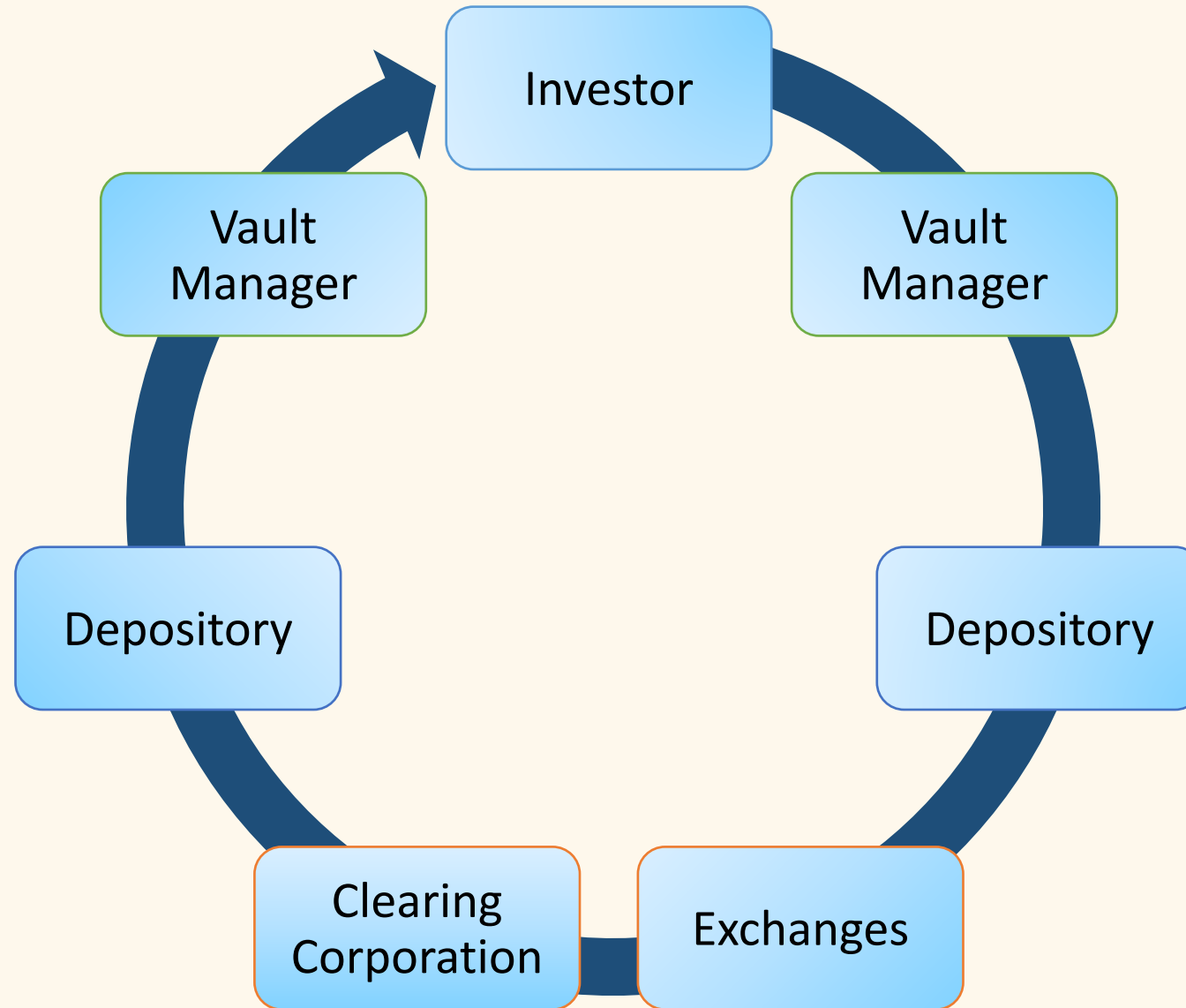
Conversion of EGR into Physical Gold

Investor requests for receiving physical gold with vault manager

CSD + Vault Manager converts EGR into physical gold



# Electronic Gold Receipt



# NSDL Tax services

Withholding Tax	Operational challenge
<ul style="list-style-type: none"> <li>• Companies required to deduct tax from dividend income before making payment w.e.f April 2020</li> <li>• From April 2023 onwards, tax to be deducted on interest payment as well.</li> <li>• Mutual Funds, AIF, insurance companies exempt from taxability of dividend and interest income.</li> <li>• Foreign portfolio investors can claim a lower tax rate as per the DTAA with country of residence.</li> </ul>	<ul style="list-style-type: none"> <li>• MFs, AIF, insurance companies require to submit certain information and documents to avail exemption or lower tax rate.</li> <li>• Custodians submit their client's documents with every company making dividend / interest payment.</li> <li>• Tracking every companies communication</li> <li>• Submitting documents to every company before stipulated deadline.</li> </ul>

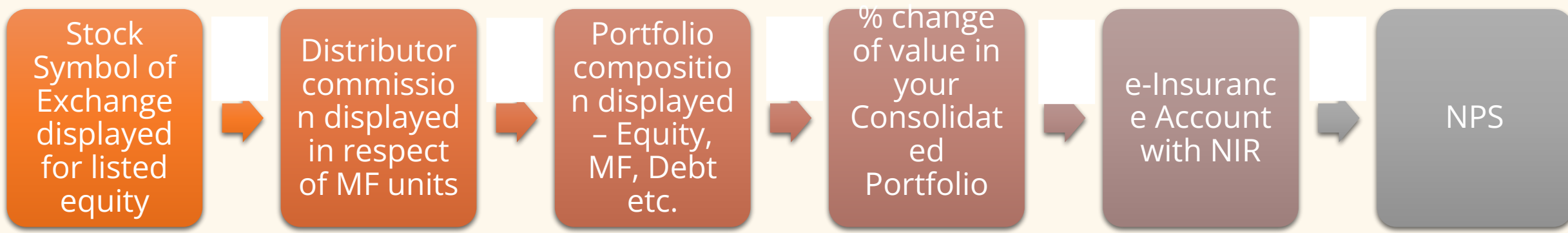
## Benefits to market participants

- Custodians to upload documents only once which will be shared across the issuers.
- Sharing of client's documents with companies as per the beneficiary positions
- Issuer can directly access investor documents through NSDL's issuer portal.
- Various reports available to RTAs/issuers and custodians
- Latest documents uploaded on NSDL platform will be available.
- Chances of late submission of the documents can be avoided.

# NSDL-Consolidated Account Statement



- On the Basis of First Holder PAN
- Across Depository Participants
- Across Depositories
- Across MF AMC's
- Holdings and Transactions



**THANK YOU**