



Procedure for Delivery of MT Financed Securities in the event of Suspension / Default of MT Account Holder

This procedure has been made pursuant to Regulation 9D.5 of the CDC Regulations to handle cases of Delivery of MT Financed Securities from an MT Account of or under the control of an MT Account Holder (Trading Financier) who is suspended or declared a defaulter by the Clearing Company (NCCPL).

1. The Clearing Company (NCCPL) to formally notify CDC in the event of suspension or default of an MT Account Holder by the NCCPL in accordance with the NCCPL Regulations.
2. Upon receipt of notice from the NCCPL suspending or declaring an MT Account Holder as defaulter, CDC shall block all the sub accounts, being MT Accounts forming part of Account Family of such MT Account Holder.
3. Unblocking of such Sub-Accounts shall be subject to receipt of authorization as required under Regulation 9D.5.1 which can be submitted to CDC (MCSS/Branch) either directly by the relevant sub account holder or through the suspended / defaulter MT Account Holder.
4. MT Financed Securities held in an MT Account (House or Sub-Account) will move as and when a valid BO in respect of MT (R) Transaction is transmitted to CDC by the NCCPL, provided that where an MT Account is a sub-account, authorization as aforesaid is received by CDC.
5. In case of House and those Sub Accounts where there was a failure of delivery in first leg, BO in respect of MT (R) Transaction will fail.
6. NCCPL to provide details of failed MT (R) Transactions to CDC based on which movement of MT Financed Securities held in MT Account (Main, House or Sub Accounts) will be performed through a manual process by CDC providing FD-Inter functionality to the suspended / defaulter MT Account Holder for movement of MT Financed Securities to the Main Account of the Clearing Company with specific reason code. This movement will be facilitated by CDC in a controlled environment as under:
 - a. For execution of transaction in a controlled environment, first, save authority will be allowed / provided to a specific user of suspended /defaulter MT Account Holder for saving of transaction.
 - b. Suspended /defaulter MT Account Holder will be required to inform CDC after execution of saving. Based on which CDC will take save authority from the user.
 - c. After saving, specific user of suspended /defaulter MT Account Holder will be allowed authorities to post the transaction. Again, the suspended /defaulter MT Account Holder will be required to inform CDC after posting of transaction.



- d. Delivery onwards to the relevant sub account or house account of the Finanee will directly be made by NCCPL.
- 7. Where the suspended /defaulter MT Account Holder is not available, the MT Financed Securities will be moved by CDC to the Main Account of the NCCPL
- 8. Where a sub-account holder desires not to deliver the MT Financed Securities held in its sub-account to the Clearing Company, such securities may be transferred to the normal sub-account or IAS account of such sub-account holder in terms of the procedures pertaining to transfer of holding (Change of Controlling Account Holder) under intimation to the Clearing Company.

Note: In case of subsequent delivery of corporate action in main or another house or sub account, shares will be moved as per the process defined in serial # 6 above.