



Procedure for Processing Corporate Actions pertaining to Securities held in MF Blocked Accounts against MF Financing

This procedure covers the requirements of Regulation 9C.4 of the CDC Regulations which requires delivery of Margin Financed (MF) Securities from & to an MF Account consequent to any book closure period.

MF Account Holder (Financier) is entitled for corporate action entitlement arising on account of bonus shares (including dividend in specie) & right shares. Consequently, for determination of the entitlement (*into a normal account of Financier*); automated movement would be executed from the house account of MF Account Holder to the MF Designated Account.

Automated movement of MF Securities from and to an MF Account would be executed as per the following procedure:

1. CDC upload mechanism will facilitate automatic movement of securities from Financier account to MF designated account during the end of the day process on the day preceding the start of the book closure date and subsequently the same securities will be transferred back to the MF Account (financier) at the beginning of Book Closure Date.
2. CDS to process the transfer on the basis of data uploaded by NCCPL in accordance with (3) below, NCCPL to ensure using CDS Participant ID as CM ID in line with current practice.
3. NCCPL to upload the following details in CDS, three business days or latest by one business day prior to the commencement of Book Closure period:
 - Account Holder ID (of Financier Account & Normal Account)
 - UIN (Both for Financier MF-account and Normal account)
 - SE location (Only for Financier)
 - Security Symbol
4. In cases where more than one CDS House account exists under MF Designated Account, CDS will recognize the UIN appearing in the first account as a principal title e.g. same UIN is appearing in three House accounts (i.e. 22, 36, 44) system will recognize “22” as the beneficiary account.
5. In cases where more than one CDS House account exists for a Particular UIN with the Financier’s Participant Account, System will allow the transfer on the basis of “SE location”



6. In cases where MF Designated Account is closed or blocked due to whatever reason at the time when securities are to be transferred, securities would be transferred to the Main account of the Account Holder / Participant.
7. Automatic transfer will not be executed in the following cases:
 - Any restriction for the movement of securities placed on both or one of the accounts by any Regulatory authority.
 - If Securities are parked in Main account of MF Account Holder (due to failure in first leg)

Consequently corporate entitlement will be issued / credited into the MF Account. Subsequently, upon credit and with request it will be delivered to the MF Account Holder Identified Account through a manual process under control environment.

Note: The term Account Holder for the purposes of these procedures also includes Participant.