

Procedures of Pledge/ Repledge .

Initiation of Margin Pledge / Re-pledge

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) While re-pledging the securities to the CM / CC, TM / CM are required to provide specific pledge instruction number for which re-pledge is required to be initiated. The CM/CC will be able to view the details of the specific pledge instruction number which will also include the details of the client for which the re-pledge is initiated.
- 6) Margin pledge and re-pledge instruction shall be reflected in the client account against each security provided as collateral to a TM, and in whose favour i.e. TM / CM / CC.

Release of a Margin Pledge / Re-Pledge:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) For release of client securities (based on CM request to CC) pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM and further re-pledged

by CM to the CC, the CC may initiate a release request (by the way of unilateral closure) of re-pledge through Participant on eDPM.

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

Invocation of Margin pledge/ re-pledge:

1) 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.

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

3) Invocation by TM:

a. For invocation of client securities pledged in favour of TM as collateral / margin, the TM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

b. For invocation of client securities pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM, the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

c. For invocation of client securities pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM and further re-pledged by CM to the CC, the CC may initiate a release of pledge (by the way of unilateral closure) and the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

4) Invocation by CM:

a. For invocation of client securities re-pledged in favour of CM as collateral / margin, the CM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

b. For invocation of client securities re-pledged in favour of a CM to provide collateral / margin and which are subsequently re-pledged in favour of a CC, the CC may submit instructions through eDPM system to release (by the way of unilateral closure) the re-pledged client securities to CM. The CM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

5) Invocation by CC:

a. For invocation of client securities re-pledged in favour of CC as collateral / margin, the CC will invoke the securities by giving instructions to the depository. Such instructions will include the pledge instruction number and client details.