

Dear Customers,

**Sub: Pledge of shares through Depository system.**

This has reference to SEBI letter no: **MRD/DoP/MAS-OW/16723/2010**, dated August 17, 2010 and **CDSL circular no:2094**, regarding pledge of shares through the depository system, wherein SEBI has communicated its observation that, in the depository mode, many entities are transferring shares through Off – Market option stating the reason for transfer as “Pledge”.

As per SEBI, the aforesaid Off-market transfers will only lead to change in beneficial ownership and cannot be termed as “Pledge”. Henceforth you are requested to avoid writing “Pledge” as reason for transfer on Off-market DIS and follow the proper procedure for Pledge as referred below:

**1. Regulation 58 of the SEBI (Depositories & Participants) Regulations, 1996**

CDSL’s website link:

[http://ftp.motilaloswal.com/emailer/Dp/SEBI\\_Regulations\\_1996.pdf](http://ftp.motilaloswal.com/emailer/Dp/SEBI_Regulations_1996.pdf)

**2. Section 12 of the Depositories Act, 1996**

CDSL’s website link:

<http://ftp.motilaloswal.com/emailer/Dp/DepositoriesAct-1996.pdf>

**3. CDSL’s Bye Laws – Bye Law No. 14**

CDSL’s website link:

<http://ftp.motilaloswal.com/emailer/Dp/CDSL-ByeLaws.pdf>

**4. CDSL’s DP Operating Instructions, Chapter 8: Pledge & Hypothecation**

CDSL’s website link:

<http://ftp.motilaloswal.com/emailer/Dp/CDSLOperatingInstructions.pdf>

**Issued by: DP Department**