



## **Procedures for Revocation of CDS Eligibility of Redeemable Securities (such as Term Finance Certificates, Sukuks, etc.)**

The following procedures have been devised in compliance with CDC Regulation No. 5.5.A in order to:

- Revoke the Central Depository System (CDS) eligibility of such Redeemable security; and
- Remove the holding balances from respective accounts and sub-accounts including IAS accounts, upon final maturity.

### **Detailed procedures (for listed & unlisted securities)**

Issuer will be required to notify to CDC for final book closure notice when securities are matured or early redemption:

Accordingly CDC will record final book closure period on the Central Depository Register (CDR).

Upon commencement of Book Closure period, the following functionalities will be blocked in the Central Depository System in order to restrict the movement of balances:

- Free deliveries (Inter participant & Intra Participant)
- Pledge (including Pledge Call)
- Deposit Request & Withdrawal Request (except for pending approvals)

CDC will make available List of Shareholders as per schedule for payment of final redemption amount.

After making final payment to security holders, issuer shall provide CDC confirmation letter signed by authorized signatories alongwith *duly certified Auditor Certificate as per Auditor's guideline as mentioned in the Annexure –A*.

On the basis of above mentioned documents, CDC will issue notice of revocation of CDS eligibility and accordingly remove the holding balances from respective accounts and sub-accounts including IAS accounts.

### **Note:**

#### **For Unlisted TFC / Sukuk:**

- At the time of final maturity (as per Trust Deed/ Admission Form) if the issuer does not provide final book closure notice on timely basis, CDC in such case will freeze the security and will intimate the Issuer through letter for compliance of this procedure. . The letter will address to the Chief Executive Officer of the company and will be copied to Trustee of such TFC/Sukuk.
- If CDC receives any request for transfer of units/certificates from respective participants or TFC/Sukuk holders, CDC will write a letter to the Issuer requesting it to allow the movement of securities and issue NOC in writing for the said purpose. If no response/concern received from the Issuer within seven (7) Business days from the receipt of the letter, it would be deemed that the Issuer has no objection to the transfer request and the transfer will be allowed after the lapse of given time. The letter will be address to the Chief Executive Officer of the company and will be copied to Trustee of such TFC/Sukuk.



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**Annexure A**

**Guidelines for Auditor's certificate**

The Auditor's certificate to be submitted by the Issuer with CDC under these Procedures shall confirm the following as a minimum requirement:

- a) Confirmation of payment of outstanding principal amount plus markup / profit thereon to the holders of TFCs as of the date of final book closure
- b) Confirmation of such payment after verification of books as well as the bank account of the Issuer.

**Note:**

- 1. It shall be specifically mentioned in the certificate that the Auditor issuing the certificate is the Statutory Auditor of the Issuer. However, in case of unlisted redeemable securities, Auditor's certificate from QCR rated Auditors may be accepted.