



# Central Depository Services (India) Limited

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## COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2023/380

June 30, 2023

### AADHAAR SEEDING (LINKAGE OF PAN WITH AADHAAR)

This is in continuation with to our Communique no. CDSL/OPS/DP/SYSTEM/2023/360 dated June 20, 2023 on AADHAAR SEEDING (LINKAGE OF PAN WITH AADHAAR) wherein it was informed that accounts which are not compliant with Aadhaar seeding shall be frozen on the EOD of June 30, 2023.

In this regard, DPs are hereby informed that in order to avoid any market disruptions in terms of finality of settlements, cover all the PANs which are seeded with Aadhaar till last date i.e., June 30, 2023 EOD and for operational convenience, **such non-compliant demat accounts shall be frozen with effect from July 08, 2023 (Saturday).**

Accordingly, DPs shall ensure that all requests received from clients for Aadhaar seeding are promptly verified and recorded by the DPs in CDAS system before the aforesaid date.

It may be further noted that the non-compliant accounts shall be frozen for both – debit and credit with freeze reason code “26 –Account holder related PAN inoperative” and as per latest updated data available with CDSL.

Accordingly, with effect from July 01, 2023, following Flags shall be made available in the system to capture the PAN-Aadhaar linkage verification status.

- 0 – PAN not Verified
- 1 – PAN verified but Aadhaar not linked
- 2 – PAN Verification reversed
- 3 – PAN Verified & Aadhaar linked
- 4 – PAN Exempted
- 5 – “PAN Verified and Aadhaar linked to be checked.”
- 6 – “PAN verified and Aadhaar linked confirmed by DP.”**

For the purposes of freezing the non-compliant accounts, all such accounts which are non-closed with Flag “0”, “2” and “5” along with status code “21 – Individual” and 4<sup>th</sup> letter of any holder’s PAN as “P” shall be considered.

In continuation with our Communique no. CDSL/OPS/DP/SYSTEM/2023/360 dated June 20, 2023 and post June 30, 2023, DPs are hereby informed that at the time of opening the new demat accounts, they can select following Flags i.e. Flag “5 – PAN Verified & Aadhaar linked to be checked” or Flag “6 - PAN verified and Aadhaar linked confirmed by DP”.



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After the release on June 30, 2023,

1. Existing complied demat account/s confirmed by the DPs for PAN verified and Aadhaar linked cases can be modified by the DPs from **flag “5”** to the new PAN verification **flag “6 – PAN verified and Aadhaar linked confirmed by DP”**.
2. To facilitate the above for demat accounts under status code **“21 – Individual”** with Flag **“1- PAN verified but Aadhaar not linked”**, such accounts shall be moved under Flag **“5 – PAN verified and Aadhaar linked to be checked”** in CDSL system.

### Aadhaar Exempted Cases:

We are shortly introducing an **additional new flag i.e., “7 – Aadhaar Exempted Cases”** in CDAS system for marking Aadhaar exempted cases as per Part II- Sec. 3(ii) of The Gazette of India: Extraordinary, Ministry of Finance (Department of Revenue) Notification Dated May 11, 2017. DPs can accordingly specify the aforesaid new flag for the holder/s which are exempted for Aadhaar [1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> holder]. Till such time, DPs are requested to contact CDSL for updating Aadhaar exempted cases in CDAS system. It may be noted that DPs will continue to perform existing PAN verification process for such cases at their end.

### Procedure for Unfreezing of demat accounts:

Post July 08, 2023, if any demat account holder approaches the DP with a request to remove the freeze, the DPs are required to perform thorough due diligence to ensure that PAN is verified and Aadhaar is linked for the 1<sup>st</sup> holder/all the eligible joint holders, as may be applicable. In CDAS system, DPs need to modify the **flag of such demat accounts from flag “5” to “6”**. Based on this, necessary updates will be carried out in CDAS system to unfreeze the account. Details of freeze / unfreeze, PAN – Aadhaar verification flag etc. are available to the DPs in the reports as informed in Communique no. CDSL/OPS/DP/SYSTEM/2023/119 dated February 22, 2023.

DPs are advised to carry out thorough due-diligence and maintain exhibits/records/audit trail at their end while performing above updates.

DPs are also advised to make the necessary back-office changes accordingly.

Queries regarding this communiqué may be addressed to: **CDSL – Helpdesk** Emails may be sent to: [helpdesk@cdslindia.com](mailto:helpdesk@cdslindia.com) and telephone number 08069144800.

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**Nilesh Shah**  
Asst. Vice President – Operations