

Depository Account (DEMAT)

(Source: CDSLWebsite-www.cdslindia.com)

Central Depository Services (India) Limited (CDSL) is a depository managed by professionals. It has been promoted by the Bombay Stock Exchange (BSE) Limited along with a cross section of several leading Indian and foreign banks. CDSL's objective is to provide convenient, dependable and secure depository services at an affordable cost to investors.

Presently, it is compulsory to settle all trades done on any stock exchange in demat mode only. Although investors have an alternative to settle trades upto 500 shares in physical form, in practice almost all trades on stock exchanges are now being settled in demat mode only.

Dematerialisation or demat is the process of converting the securities held in physical form into an electronic record form or to directly allot securities in electronic record form. These electronic records of securities are shown as "electronic balances" in the demat accounts of investors. Any investor can open a demat account through a Depository Participant (DP). The DP is an agent of the depository and provides a link between the account holder or Beneficial Owner (BO), the Issuing Company, CDSL, the BOs broker and the Stock Exchange. CDSL publishes from time to time an updated list of DPs registered with it. The list is also available on CDSL's website www.cdslindia.com.

Benefits of holding securities in the Dematerialised Form

- a. **Elimination of all risks associated with physical certificates:** There is no risk of loss, mutilation or theft of certificates.
- b. **Elimination of bad deliveries:** In the depository environment, securities cannot be returned "under objection" for any reason and hence the question of bad delivery does not arise nor does the investor face any uncertainty on the genuinity of securities purchased by him.
- c. **Immediate transfer and registration of securities:** After the payout, once securities are credited to the investor's demat account, the investor becomes the owner of the securities, as there is no need to seek registration from the company or its registrar.
- d. **Faster settlement cycles:** All stock exchanges currently follow the T+2 rolling settlement cycle, i.e., settlement of trades is done on the 2nd working day from the trade day. This has become possible because of demat, which enables faster transfer of securities and enhances liquidity.
- e. **Faster receipt of securities in case of bonus/split/merger etc.:** Direct credit of securities issued as bonus or on allotment of IPO/rights, split and merger ensures faster receipt of securities and eliminate the risk of loss of certificates in transit.
- f. **Waiver of stamp duty:** No stamp duty is payable by the investors for transfer of any kind of securities in demat form.
- g. **Facilitates ease in recording change of address, transmission, etc.:** For all investments held in the BO's a/c, instead of informing each company separately about the change in address, bank account details, nomination, one single instruction to the DP takes care of all such changes.

- h. **Ease of portfolio monitoring:** The statement of account periodically sent by the DP provides the investor the consolidated position of all his investments in the demat account. This makes it convenient for an investor to monitor his portfolio.

Why should an investor open a Demat Account with CDSL?

CDSL's system incorporates a number of distinct features which provide BOs convenient, dependable and secure depository services at an affordable cost.

CONVENIENCES

- a. **Wide DP network:** CDSL has a wide network of DPs offering demat services across the country, and thus providing investors an opportunity to select a DP of their choice depending on the location and other conveniences.
- b. **On-line DP services:** CDSL's centralized database provides on-line depository services across the country. All DPs are electronically connected to CDSL, thereby making the depository services available at the door-step of the investor.
- c. **Availability of wide spectrum of securities:** The equity shares of almost all A, B1 & B2 group companies are available for dematerialisation on CDSL. CDSL extends demat facilities practically for all categories of securities which include equity, bonds, commercial papers, government securities, Certificate of deposits and units of Mutual Funds. A BO can also hold warehouse receipts pertaining to commodities, in a demat account. However, a separate account should be opened for holding warehouse receipts.
- d. **Competitive fee structure:** CDSL's fees are very reasonable and competitive, which makes it possible for DPs to offer demat services to investors at an affordable cost.
- e. **Easi and easiest** a) Through CDSL's unique internet facility Electronic Access to Securities Information-easi; BOs can view and print a statement of their demat account. BOs can also get the status of the last 7 days transactions in easi. BOs also get a daily valuation of the securities held in their demat account, as of the previous day's account, as of the previous day's closing price on BSE. BOs can also monitor corporate announcements of the securities held in their account, thus enabling them to take informed investment decisions. b) easiest is an internet based facility which permits BOs/CMs to submit debit/credit transaction instructions, which can be off-market, on-market, inter-depository and early pay-in transactions. Easiest also has a facility for upload of transactions, which enables a BO/CM to enter the instructions offline and thereafter upload the same. Moreover, all the facilities and benefits of easi are available to BOs registered for easiest.
- f. **SMS Alerts related to transactions-SMART:** CDSL's SMS alert facility- SMART, enables BOs to monitor their account for all debits (upto 4 ISINs) or for credits in their account, received due to Initial Public Offers(IPOs) or other Corporate Actions.

DEPENDABILITY

- a) **On-line information to users:** With the CDSL's centralised database architecture, on-line depository services are available to BOs with the latest status of their demat accounts.

- b) **Safety of data:** In case any system-related problem develops at the DPs end, it does not affect the BO's interest in any way as the CDSL database is maintained centrally.
- c) **Audit and inspection:** CDSL conducts regular audit of its DPs to ensure compliance of the stringent operational and regulatory requirements.
- d) **Helpdesk:** CDSL's prompt and courteous helpline facility is available to DPs and investors to obtain any clarification and guidance.
- e) **Always meeting users requirements:** Continuous updation of procedures and processes in tune with the evolving market practices is another hallmark of CDSL's system.
- f) **Dormat Account Monitoring:** CDSL has in place a mechanism for monitoring dormant accounts.

SECURITY

- a. **System Access:** only a person at the DPs end who has been preauthorized by CDSL can access the CDSL system.
- b. **Unique BO account number:** Each BO in CDSL is allocated a unique account number. This avoids wrong transfer of securities in the event the transferee's account number is keyed in wrongly.
- c. **Insurance cover:** CDSL has obtained adequate insurance cover for any unlikely loss occurring to a BO due to the negligence of CDSL and/or the DP.

Opening a Demat Account

- a) Individual and non-individual investors have a choice to open a demat account with any CDSL DP. Individual investors could be Indian residents or NRIs. Non-individual investors include Corporates, FIs, FIIIs, Mutual Funds, Trusts etc. Also under the scheme of two-way fungibility of ADR/GDR, non-residents can open a demat account with a CDSL DP.
- b) An investor should consider the fee structure, locational convenience and the track record of the DP before selecting one for opening their demat account.
- c) A demat account can be maintained even with 'nil' balance, as there is no requirement of holding any minimum security balance in a demat account.
- d) If securities are already held in joint names, the demat account should be opened in the order of names in which the securities are held. If the securities are held by an individual jointly with different persons, separate demat accounts will have to be opened for each such combination. However, if the same persons hold securities in different order of their names, one single demat account in names of all these persons (not exceeding 3 persons) would be sufficient, provided the facility of transposition-cum-demat is used.
- e) At the time of opening the demat account or anytime thereafter, individuals having a demat account in a single or joint name/s can make, a nomination. In

the unfortunate event of demise of one of the joint holders, the securities can be transmitted in the names of the surviving holder(s). But, in the event of demise of the sole holder or all the joint holders, the securities can be transmitted in the name of the nominee. A resident Indian can nominate an NRI or another resident Indian and similarly an NRI can nominate a resident Indian or another NRI. Non-individuals including societies, trusts, body corporates, karta of HUF and holders of power of attorney, cannot make a nomination.

Documents required to be submitted at the time of opening a CDSL Demat Account

INDIVIDUAL INVESTORS

- a) An application in the prescribed form
 - b) Copy of **PAN CARD (Mandatory)**
 - c) Copy of election-ID card / passport / ration card or driving license or any other address proof
 - d) Copy of the birth certificate and guardian's name, in case of a minor
 - e) A passport size photograph of the applicant(s) with their signature(s) put across the photograph(s)
 - f) In case of any attestation by a Magistrate / Notary Public / Special Executive Magistrate, the name, address and telephone number of the Magistrate / Notary Public / Special Executive Magistrate.
 - g) A copy of the power of attorney, if required
 - h) Agreement in the prescribed form duly executed
- (b & c are mandatory for 1st holder & joint holder/s, if any)**

CORPORATE INVESTORS

- a) An application in the prescribed form
- b) Copy of **PAN CARD (Mandatory)**
- c) A certified copy of the Memorandum and Articles of Association of the company
- d) A certified true copy of the Board Resolution authorising opening of demat account and listing out the name(s) of the official(s) authorized by the Board to act as authorised signatory/ies
- e) Name(s) of the authorised signatory/ies and their designation(s) with specimen signature(s)
- f) A copy of power of attorney executed
- g) In case of attestation by any Magistrate/Notary, Public/Special Executive Magistrate, his name, address and telephone number
- h) Agreement executed in the prescribed form

Additional requirements for some categories of investors

BO Category	Additional Requirement
Non Resident Indian (NRI)	Proof of foreign address and Indian Address and of nationals or persons preferably a copy of the passport of

	Indian origin. All proofs should be attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI resides.
Registered Trust	Certified copy of the trust deed, list of authorized signatories with their specimen signatures and a copy of the certificate of registration of the trust.
Unregistered Trust	Certified copy of the trust deed along with the list of authorised signatories with specimen signatures and proof of address and identity documents of the trustees.
Partnership firm	The account has to be opened in the names of the partners and the PAN proof of the partners, the partnership firm and a copy of the partnership deed have to be submitted.
Proprietorship firm	The account should be opened in the name of the sole proprietor and the PAN of the proprietor and the firm has to be submitted.
Clearing Member (CM)	A certified copy of the SEBI registration certificate.
Foreign Institutional Investor (FII) and Overseas Corporate Bodies (OCB)	A certified copy of the SEBI/RBI registration.

BOs should receive from their DP:

- a) A copy of the signed agreement.
- b) Beneficial Owner Identification Number (BOID) or Demat Account number. This BO ID should be quoted in all correspondence with the DP, Issuer Companies, Registrar & Transfer agents and CDSL.
- c) Pre-printed instruction slips for effecting various types of transactions, form for dematerialising physical certificates, etc. CDSL has one single debit instruction slip both for 'on-market' and 'off-market' transactions.

BOs should note:

- a) BOs may consider issuing a one time instruction to their DPs for getting securities automatically credited to their demat account. Purchased securities can be credited to the demat account after payout of the securities by the clearing house/corporation of the stock exchange. Securities purchased on any of the stock exchanges connected to CDSL can be credited directly in the demat account.
- b) While accepting the Delivery Instruction Slip (DIS) book issued by the DP, the BOs should ensure that their BO ID is prestamped on all the pages along with the serial number. The DIS book should be kept safely. BOs should not issue

anyone blank DIS slips duly signed. BOs should also strike out the empty spaces, if any, in the DIS, before submitting to DP.

- c) For sale of securities in demat form, after the broker confirms the trade, the BO should immediately issue debit instruction to his DP using a debit instruction slip.
- d) For maintaining the cut-off time for submitting delivery instructions for trades done on the stock exchange (on-market trades) as per SEBI requirement, a BO should issue delivery instructions to his DP latest by 4:00 p.m. on T+1 day. Any delay in issuing instructions to the DP might result in the non-delivery of shares/securities leading to auctioning of such securities and a consequent loss to the investor. This is more so in T+2 settlement cycle.
- e) Any change in address and / or bank account details should be intimated to DP together with supporting documents as evidence.

SETTLEMENT FEES

CDSL does not charge any fee directly to the BO but collects the depository fees for debit and pledge transactions in any BO account from the concerned DP. The charges indicated by DPs are generally inclusive of CDSL fee, if any.

REDRESSAL OF INVESTOR GRIEVANCES

In case of any unresolved grievance with your DP, please contact the Investor Grievances Cell.

The Investor Relations Office

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Disclaimer - This investors guide contains information, which is subject to change and cannot be the basis for any claims or demand or cause of action by anyone against CDSL or its DPs. For latest information, BO's are requested to contact their DP's / CDSL

FAQs:

I. General

1. What is a depository?

A "Depository" is a provider of facility for holding and/or transacting securities in the book entry form. Physical securities can be converted in to the book entry form, i.e., electronic form by way of immobilization or dematerialization. (so that they exist only as electronic records). India has chosen the dematerialization route. A depository function somewhat similar to a commercial bank. To avail of the services offered by a depository, the investor has to open a demat account with a registered Depository Participant(DP).

2. What is dematerialization (Demat)?

"Dematerialization" is a process by which physical certificates are converted into electronic form.

3. What is Rematerialisation (Remat)?

Rematerialisation is the process of converting securities held in a demat account in electronic form back in physical certificate form.

4. Who is registered owner of Securities?

When securities of a company are held in physical form by an investor, the name of the investor is recorded in the books of the company as a 'Registered Owner of the Securities. Each certificate is identified by a Folio number, certificate number and distinctive range numbers. When physical securities are converted into electronic form, the depository becomes 'Registered owner' in the books of the company and investors name is removed from books of the company. Since depository is holding such shares as a custodian or a guardian it cannot claim any benefit or it is not liable for any loss as a result of the holdings.

5. Who is a Beneficial Owner (BO) of the securities?

The investor whose securities are held in electronic form in a demat account opened with a depository through a Depository Participant is called 'Beneficial Owner' (BO). All the benefits as a result of the holding the securities are given to such beneficial owner.

6. Who is a DP?

A DP is an agent of the depository who is authorized to offer depository services to investors and is registered as a DP with SEBI. Financial institutions, banks, custodians, stockbrokers and other types of intermediaries specified under SEBI (Depositories and Participants) Regulations, 1996, complying with the requirements prescribed by SEBI/ Depositories can be registered as DP. Further information on DPs can be accessed from CDSL's website, www.cdslindia.com. An investor will always interact with a DP for the services and cannot directly approach the depository for any services except for Redressal of Grievances.

7. Who is an Issuer?

"Issuer" means any entity such as corporate/State or Central Government organizations issuing securities which can be held in depository in the electronic form.

8. Who is an RTA?.

An RTA, i.e., Registrar and Transfer Agent is an agent of the issuer. RTA act as an intermediary between the issuer and depository for providing services, such as Dematerialization, Rematerialisation, Initial Public Offers and Corporate actions.

9. What is an ISIN (International Securities Identification Number)?

"ISIN" is a unique 12 digit alphanumeric code given to security, shares, Debentures, Bonds, etc., when the security is admitted in the depository system.

First two digits of the ISIN code indicate country of registration for the security. All securities registered on depository in India have first two digits of the ISIN code 'IN'.

10. Whether different securities issued by the same Issuer will have same ISIN?
No, different securities issued by the same issuer will have different ISIN code.

11. What are the services provided by a Depository?

Depository provides following services to the investors through a DP:

- a. Opening a demat account
- b. Dematerialization, i.e., converting physical securities into electronic form
- c. Rematerialisation, i.e., converting electronic securities balances held in a BO account into physical form
- d. To maintain record of holdings in the electronic form
- e. Facilitate settlement of trades by exchanges / Clearing corporations by delivering / receiving underlying securities from / in BO accounts
- f. Facilitate transfer of securities between BOs
- g. Receiving electronic credit in respect of securities allotted by issuers under IPO or otherwise
- h. Receiving non cash corporate benefits, such as, allotment of bonus and rights shares or any other non cash corporate benefits given by the issuers in electronic form
- i. Facilitate Pledging of dematerialized securities
- j. Freezing of the demat account for debits, credits, or both
- k. Internet facilities "easi" and "easiest".
- l. Subscription/ Redemption of mutual fund units in demat form

12. What is the legal framework governing the depository functions in India?

Following are the acts and regulations under which a depository functions:

1. The Depositories Act, 1996
2. SEBI (Depositories and Participant) Regulations, 1996
3. CDSL Bye-laws and Operating Instructions which are framed under the above two documents
4. Prevention of Money Laundering Act (PMLA), 2002

13. What is Destatementization?

Destatementization is conversion of mutual units held in physical form, i.e., from a statement form into an electronic, i.e., Demat form.

14. What is Restatementization?

Restatementization is exactly opposite of Destatementization, i.e., Conversion of mutual fund units held in demat, i.e., electronic form back into physical form.

15. What are the benefits of depository to the investor and other entities associated with capital market?

1. Reduction in paperwork
2. Reduction in risks associated with holding securities in paper form such as theft, damage due to fire, bad delivery in settlement process and fake and Forged securities.
3. Faster mode of transferring securities from one account to other account.
4. Elimination of stamp duty on transfer of securities which was applicable in paper form.
5. Reduction in transaction cost.
6. Change in details of the demat account to be submitted only to DP and subsequently get registered electronically with all companies in which investor holds securities
7. Faster mode of Transmission of securities to the nominee or surveying holder in case of death of an account holder
8. Holding all type of capital market instruments, such as equity, debt, mutual fund units and G-SEC in a single account
9. Automatic credits of securities into demat account arising out of corporate actions, such as Bonus, split/consolidation/merger/ demerger.

II. DEMAT ACCOUNT OPENING

1. What are the benefits of opening a demat account for investors?

A demat account has become a necessity for all categories of investors because of the following reasons:

- a. SEBI has made it compulsory for trades in all listed scrips to be settled in demat mode. Although, trades upto 500 shares can be settled in physical form, physical settlement is virtually not taking place for the apprehension of bad delivery on account of mismatch of signatures, forgery of signatures, fake certificates, etc.
- b. It is a safe and convenient way to hold securities compared to holding securities in physical form.
- c. No stamp duty is levied on transfer of securities held in demat form.
- d. Instantaneous transfer of securities enhances liquidity.
- e. It eliminates delays, thefts, interceptions and subsequent misuse of certificates.
- f. Change of address and registration of Power of Attorney can be effected across companies by one single instruction to the DP.
- g. Market lot of one share for the purpose of transactions - so no odd lot problem.
- h. Any number of securities can be transferred / delivered with one delivery instruction. Therefore, paperwork and signing of multiple transfer forms is done away with.
- i. It facilitates taking loans / advances against securities,
- j. Immediate credits in case of any allotment in Non cash corporate actions, such as bonus, rights issues and IPOs.

2. What are the benefits of opening a demat account with CDSL?

Advantages of opening a demat-account with CDSL are given below

- a. Unique centralized database of CDSL enables DPs to debit/credit securities instantaneously to the BO's account.
- b. CDSL allots a unique demat account number to each demat account, which ensures debit/credit of securities only to the intended account. Thus, if an account number is keyed-in incorrectly, CDSL system will not effect the transaction.
- c. CDSL offers a settlement facility to its BO's under which securities sold or purchased by them through any broker on BSE/NSE. It can be directly debited/credited in their BO account without routing it through the broker's pool account.
- d. The cost for settlement of securities through CDSL is lower in most cases. Thus, BOs can expect a lower charge in respect of securities held in CDSL accounts.
- e. Investors can monitor and access their holding and the status of their transactions in their accounts through CDSL's internet based facility 'easi'. Further, using CDSL's internet based facility 'easiest' BOs can also submit settlement instructions through the internet.

3. Can a demat account be opened directly with CDSL?

A demat account can not be opened directly with CDSL. The demat account has to be opened only through a DP of CDSL.

4. Can an investor, already having a demat account, open another account with any other CDSL DP?

Yes. The investor has a choice to open another demat account with any CDSL DP and can also refer to FAQs on BSDA category demat accounts.

5. Can a DP collect account opening charges?

SEBI has directed that no investor should pay account opening charges, besides the statutory charges.

6. Can all securities be dematerialized through a single demat account?

Yes. Any number of securities admitted with CDSL can be dematerialized and held in one demat account.

7. What should an investor do to open an account with a DP?

The process of opening a demat account through a DP of CDSL is very simple and easy. It is similar to the opening of a bank account.

- Investor has to first choose a DP based on his convenience and the DP's charges.
- The investor has to fill up the KYC form and attach the documents with it as per SEBI guidelines specified in SEBI circular MIRSD/SE/Cir/21/2011 dated October 5, 2011, and circulars issued by KRA agencies from time to time.
- The investor also has to submit a completely filled, signed 'Additional KYC form for opening a Demat Account' as prescribed by CDSL, along with the proof of correspondence address.

- Before opening the demat account, the investor will have to submit the duly signed Rights and Obligations of beneficial owner and the Depository Participants
- On opening a demat account, a unique BO ID (Beneficial Owner Identification) Number is allotted to the demat account, which has to be quoted in all future transactions.

8. Is it mandatory to submit PAN card details?

Yes. SEBI has made it mandatory for all existing and new account holders to submit a copy of their PAN card, along with the original for verification.

9. Why bank details are required while opening a demat account?

This requirement is a security measure. The Dividend / interest warrants issued by the companies will have BOs name printed on it, so that the warrants can not be misused by other person. Further, SEBI has, vide its circular no. CIR/HRD/DP/10/2013 dated March 21, 2013, made it mandatory for listed companies to use electronic payment system for distribution of dividend/interest and other can benefits to investors.

10. Is it necessary for an investor to open an account with the same DP as that of his broker for settling the trades done through the broker?

No. There is absolutely no compulsions on any investor to open his demat account with the same DP as that of his broker. Investor can open account with the DP of his/her choice and can carry on his trading activity through a broker of his choice.

11. Can a demat account be opened in the name of Joint Holders?

Yes. A demat account can be a single holder account or a joint holder account. A demat account can have maximum three account holders, i.e., one main holder and two joint holders.

DEMAT ACCOUNTS FOR MINOR

12. Can a Demat account be opened for a minor?

Demat account can be opened in the name of a minor. The account will be operated by a guardian till the minor becomes major, Guardian has to be the father or in his absence mother. In absence of both, father or mother, the guardian can be appointed by court.

13. Can minor be a joint holder in another demat account?

No. Minor cannot be a joint holder in a demat account.

14. What happens to a minor account when the minor becomes major?

When a minor attains majority, two options are possible.

- The existing account can be closed and new account can be opened, in the name of the minor turned major and all securities in the minor's account are transferred to the new account.

- Existing account can still be used. Minor turned major has to sign 'the Rights and Obligations of the Beneficial owner of depository participant' with the DP, and complete all formalities required for opening a new demat account. Guardian details entered earlier have to be deleted.

DEMAT ACCOUNT FOR TRUST

15. Can a demat account be opened in the name of a trust?

Yes. If the trust is registered under the Public Trust act 1860 / Societies Registration act / Bombay Public Trust act / public trust act in force in the state, a demat account can be opened in the name of a trust.

If the trust is a private or unregistered trust, a demat account shall be opened in the name of trustees as an individual account. If the trust has more than three trustees, they will have to decide in whose name the demat account will be opened.

ACCOUNT MODIFICATION

16. Can any information submitted at the time of opening a demat account be modified at a later date?

Yes. Except names of the account holder(s) and type of the account, all other information, such as address, bank details and date of birth can be modified. As per recent SEBI guideline change in name of account holders, due to any of the following reasons is permitted;

- Change in name on account of marriage
- Change in name on account of reasons other than marriage
- Change in father's name

In all cases given above appropriate documentation has to be provided by the account holder.

17. What procedure should be followed for account modification?

An account modification form duly signed by the account holder(s), along with the required documents as proof for the modification, has to be submitted to the DP, who will verify the request and carry out the modifications in the depository system.

18. In case of a joint demat account can a joint holder independently ask for account modification?

No. For a joint demat account, account modification form has to be signed by all the joint holders.

19. If one of the joint holders expires, Can name of the deceased account holder be deleted from the account?

No. If one of the joint holder expires, new demat account should be opened in the name of surviving joint holders and securities from the previous account should be transferred to the new account.

20. Can joint holder names be added / deleted from a demat account?

No. Once a demat account is opened addition / modification / deletion of account holder names is not permitted.

21. Can securities of different companies be held in one demat account?

Yes. Securities of different companies can be held in same demat account.

22. Does a BO have to keep any minimum balance of securities in his demat account?

A demat account can be opened and maintained even with nil balance.

23. Can holdings in a single holder account be transferred to a joint holder account?

Yes. Securities can be transferred from a single holder account to a joint account or vice-a-versa.

24. How does a BO get information that his account has been updated after each transaction?

a. DP sends to BO a statement of transactions and balances at least once every month, even where a single transaction has taken place during the month. The statement can be sent more frequently, if so desired by BO.

b. A BO can find out up-to-the-moment status of his account anytime, any-where by using CDSL's internet based facility 'easi' . The BO has to register for easi through his DP. The transaction details are updated immediately.

c. A BO can also get details of debits, as well as IPO/ corporate action credits to the demat account and any changes effected in POA holder, signature, nomination address, mobile number directly from CDSL by registering to 'SMART', the SMS alert facility of CDSL.

25. What happens if a BO loses his statement of holdings?

The BO should inform the DP about the loss of the statement of holdings and request for the issue of a duplicate statement.

26. Do all DPs have access to account details of all CDSL BOs?

No. A DP cannot access the BO accounts of any other DP. It can have access only to those demat accounts which are serviced by it.

HUF ACCOUNTS

27. What do you mean by HUF account?

HUF stands for Hindu Undivided Family. It is a demat account opened for managing securities of a family. The account is managed by a 'Karta' who is a male member of the family and other members of the family are termed as 'Co-parceners'. Karta manages the HUF account on behalf of the Co-parceners.

28. In whose name HUF account is opened?

A HUF account can be opened in the name of the

- HUF entity as it appears on the HUF PAN card, such as A B C & SONS HUF

- Existing Karta
- Deceased Karta

29. Whether the HUF account can be opened with joint holder(s)?

No. HUF accounts cannot be opened with joint holder(s).

30. Whether nomination can be recorded for a HUF account?

No. HUF accounts cannot appoint a nominee.

31. Who will sign the account-opening form of HUF?

The Karta should sign the account-opening form under the HUF stamp.

32. Whether HUF account can appoint a POA?

Yes. POA can be appointed for an HUF account.

33. Who will sign the POA in case of HUF?

The Power of Attorney (POA) document should be signed by the Karta of the HUF and all the co- parceners.

34. Can a Power of Attorney holder open an HUF account?

A Power of Attorney holder cannot open a HUF account.

35. Whether we have to open the new demat account in the event of death of Karta?

HUF is an entity and it does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will appoint the new Karta.

36. What is procedure can be taken to appoint a new Karta in the event of death of the existing Karta?

Following is the procedure to be followed in the event of death of karta:

- HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta,
- The new Karta shall submit the new list of co-parceners and a no objection signed by the surviving members of the HUF for him to act as Karta of the HUF.
- The new Karta will submit an account modification form to the DP and record change in signature of the new Karta to operate the account.
- The previous account need not be closed and the same account can continue.

NRI ACCOUNTS

40. Who is a Non-Resident Indian [NRI]?

A Non-Resident Indian [NRI] means a person who resides outside India, who is a citizen of India or is a 'person of Indian origin'.

41. Who is a 'person of Indian origin' (PIO)?

'Person of Indian Origin' (PIO) means a citizen of any country other than Bangladesh or Pakistan, if

- a. at any time he had held Indian passport; or
- b. either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955; or
- c. the person is a spouse of an Indian citizen or a person referred to in sub-clause [a] or [b]. Investment by PIO in Indian Securities is treated the same as the investment by non-resident Indians and requires same approvals and enjoys the same exemptions.

42. Where can an NRI/PIO open a demat account?

NRI/PIO can open a demat account with any Depository Participant [DP] of CDSL. The NRI/PIO needs to mention the type ['NRI' as compared to 'Resident'] and the sub-type ['Repatriable' or 'Non-Repatriable'] in the account opening form collected from the DP.

43. Does an NRI need any RBI permission to open a demat account?

No permission is required from RBI to open a demat account. However, credits and debits from demat account may require general or specific permissions as the case may be, from designated authorized dealers.

44. If NRI/PIO desires to make investments under different schemes, can he hold all such securities in a single demat account?

No. Securities received against investments under 'Foreign Direct Investment scheme (FDI)', 'Portfolio Investment scheme (PIS)' and 'Scheme for Investment' on non - repatriation basis have to be credited into separate demat accounts. Investment under PIS could be on repatriation or non - repatriation basis. Investment under FDI scheme is on repatriation basis.

45. Does an NRI require RBI permission for dematerialization / rematerialization his securities?

No special permission is required for it. Holding securities in demat only constitutes change in form and does not need any special permission. However, only those physical securities which already have the status as NR - Repatriable / NR - Non-Repatriable can be dematerialized in the corresponding demat accounts.

46. Can securities purchased under repatriable and non-repatriable category be held in a single demat account?

No. An NRI must open separate demat accounts for holding 'repatriable' and 'non-repatriable' securities.

47. In case a non-resident Indian becomes a resident in India will he be required to change the status of his holding from Non-Resident to Resident?

Yes. It is the responsibility of the NRI to inform the change of status to the

designated authorized dealer branch, through which the investor had made the investments in Portfolio Investment Scheme and the DP with whom he/she has opened the demat account. Subsequently, a new demat account in the resident status will have to be opened, securities should be transferred from the NRI demat account to resident account, and then the NRI demat account should be closed.

III. NOMINATION FACILITY

1. Is Nomination facility available for Demat Accounts?

The nomination facility is available for demat accounts. It is advisable for all individual BOs to avail this facility. SEBI has mandated that if an individual BO decides not to nominate, then the account holder(s) should give a written and signed declaration to that effect.

2. Who can appoint a Nominee?

All individuals including NRIs and Foreign Nationals having/opening demat accounts can either singly or jointly appoint a nominee. If the account is held jointly, all the joint holders are required to sign the nomination form.

3. Who can be appointed as a nominee?

Only an individual can be appointed as a nominee. Non-individuals entities, such as trust, corporate, HUF, AOPs, etc. can not be appointed as a nominee.

4. How many nominees can be appointed for a demat account?

Only one individual can be appointed as a nominee for a demat account.

5. Can the nomination given once be changed / deleted?

Yes. Nomination once given can be changed / deleted as and when required by submitting the prescribed form duly signed by all account holders to the Depository Participant (DP).

6. What is the procedure to appoint a nominee?

The Account holder(s) is (are) required to fill a standard nomination form available with the DP. The nomination form has to be signed by two witnesses. If the account is a joint account, the nomination form should be signed by all account holders. A witness cannot be appointed as nominee.

7. Can a minor be appointed as a nominee?

Yes. A minor represented by a guardian can be appointed as a nominee.

8. Can nomination be given for a Joint account?

Yes. Nomination can be given for a joint demat account also. But only one nominee can be appointed for all the account holders of the demat account. Each of the joint holders can not appoint separate nominee.

9. Who cannot nominate?

Non-individuals, such as societies, trusts, body corporate, Kartas of Hindu Undivided Family and holders of power of attorney cannot make a nomination.

- 10. Can an NRI be appointed as nominee?**
Yes. An NRI can be appointed as a nominee.

IV. POWER OF ATTORNEY

- 1. What is Power of Attorney (POA) in demat scenario?**
Power of Attorney is the authority given by a demat account holder to some other entity to operate his demat account.
- 2. Is POA mandatory to open a demat account?**
No. POA is not mandatory to open a demat account.
- 3. Who can be a POA holder?**
POA holder can be an individual or a corporate entity also.
- 4. What are types of POA?**
The POA can be
- General purpose POA, i.e., the POA holder can perform all activities on behalf of the original holder(s)
 - Specific purpose POA, i.e., the POA holder can perform only certain operations as specified in the POA.
- 5. Is there any specific format for execution of POA?**
The format of POA depends upon the intention of the powers being given to the POA holder.
- 6. Can Power of Attorney (POA) be given for a joint demat account?**
Yes. POA be given by holders of a joint demat account. All the holders may give POA to a single entity, or each holder may give POA to a separate entity.
- 7. Should the Power of Attorney (POA) be notarized?**
Notarization of POA is at the discretion of the DP.
- 8. Can the BO submit a copy of POA?**
Yes. A copy of the POA document submitted should be certified as a "TRUE COPY" by the BO(s).
- 9. Can Multiple POAs be given by the same holder?**
Yes, the same holder can give Multiple POAs.
- 10. Can BO himself give instructions when POA exists?**
Yes.
- 11. Can POA close a demat account?**
No. POA holder cannot close the account.
- 12. Can POA holder give nomination instruction to the DP?**

No. POA cannot give nomination instruction.

V. DEMATERIALIZATION OF SECURITIES

1. Is dematerialization of securities compulsory?

According to the Depositories Act, 1996, an investor has the option to hold securities either in physical or electronic form. A part of holding can be in physical form and another part in demat form. However, SEBI has notified that settlement of market trades in listed securities should take place only in the demat mode.

2. What type of instruments are available for demat at CDSL?

All types of equity/debt instruments viz. Equity shares, Preference Shares, Partly paid shares, Bonds, Debentures, Commercial Papers, Certificates of Deposit, Government Securities (G-SEC) etc. irrespective of whether these instruments are listed / unlisted / privately placed can be dematerialized with CDSL, in case they have been admitted with CDSL.

3. What is the procedure for dematerialization?

Following steps have to be followed by a BO to dematerialize physical securities:

- A BO who wishes to dematerialize securities held by him in physical form has to submit duly filled and signed demat request form (DRF) to his DP.
- A separate DRF should be filled up for free securities and lock-in securities.
- DP will verify the details and setup demat request in the system. The DP will then deface and mutilate the certificate and send the same along with the DRF to Issuer/ RTA. On confirmation by the Issuer/ RTA, the BO's account will be credited with the number of securities dematerialized.

4. What happens to the physical certificates after they are dematerialized?

After dematerialization, physical certificates may be retained / destroyed by the Issuer / RTA.

5. After submitting DRF form and certificates to the DP, within how many days the dematerialization take place?

As per regulations in force presently, the dematerialization process should be the completed within 15 days of receipt of physical certificates by the Issuer/RTA.

6. If the demat request is not processed within the stipulated time, what do I do?

Contact your DP to look in the delay. A BO can also inform the Investor Grievances department of the Depository to look in the delay.

7. Is it compulsory to mention the ISIN of the security while filling up the DRF (Demat Request Form)?

Yes, the ISIN of the security should be mentioned in the DRF to ensure that the correct security is dematerialized. If, however, the investor does not know the

ISIN, the same can be obtained from the DP or from CDSL's website, www.cdslindia.com.

8. Is transfer deed required for dematerializing physical certificates?

No. There is no need to fill in a transfer deed. The physical certificates have to be accompanied by a DRF, which can be obtained from the DP.

9. Can a BO hold his securities partially in physical and partially in demat form?

Yes, part of the BO's holdings can be held in physical form as per the choice of the investor. Though it is advisable to have the entire holdings held in demat mode so that the holdings have liquidity, as and when available. It should be noted that part dematerialization of holdings in a single physical certificate is not allowed.

10. Can a sole holder of the share certificate, add any name as a joint holder at the time of dematerializing the share certificate?

No. It is not possible to add any name while dematerialization of a share certificate. If the shares held in single name are intended to be held in any joint account, they have to be transferred to such names before they are dematerialized. Alternatively, such shares can be dematerialized first in the demat account in the single name and then transferred to the demat account in the joint names, or vice-versa, through an off-market transaction.

11. If securities of a company are not admitted with CDSL, what should an investor do to get his physical shares dematerialized?

In such a case, the investor should request the company to have that security admitted with CDSL, and once that is done he can get his physical shares dematerialized.

12. Can securities in odd lots be dematerialized?

Yes. In demat mode securities in odd lots can be dematerialized.

13. Do dematerialized securities have certificate number, distinctive range number or certificate numbers?

No. Dematerialized securities do not have any distinctive or certificate numbers. In demat all securities are fungible, which means that any share of an ISIN is similar to any other share of that ISIN.

14. Can electronic holdings be converted back in physical certificate form?

Yes. It can be done through Rematerialisation, which is the process of converting electronic holdings back into physical certificates. Refer FAQs on Rematerialization for details of the process.

15. Is there any charge for dematerialization of physical certificates?

CDSL does not levy any charge for dematerialization of securities. However, DPs may collect dematerialization charges towards postage / courier charges, etc., as per their tariff sheet.

16. Can debt instruments and government securities be dematerialized in the

same demat account?

Yes. Debt instruments, mutual fund units and government securities can also be dematerialized in the same demat account where equities are held.

17. Can commodity warehouse receipts be dematerialized in the same demat account?

No. A separate demat account has to be opened for holding warehouse receipts.

18. What is Transposition-cum-demat?

Transposition-cum-demat facility enables an investor to transpose names of the joint holders in desired order along with the process of dematerialization of certificates. Transposition-cum-dematerialization facilitates dematerialization of certificates held in different order of names through one demat account, provided the securities to be transposed are held in the same joint names, but in a different order.

Illustratively, if A owns a security, which he holds in the joint names of ABC, ACB, etc., he can first transpose them in the name of, say, ABC in which order demat account might have been opened. No new name can be added through transposition process. Similarly, existing names cannot be deleted.

19. What procedure should be followed by the BO for transposition-cum-dematerialization request?

The BO should submit his application in Transposition Request Form (TRPF) along with the Demat Request Form (DRF), and the share/securities certificates to his DP. It should be noted that a separate TRPF would have to be filled for each ISIN.

20. Whether a separate TRPF should be filled for each combination of names?

No. Different combination of names can be listed in separate boxes in section (c) of the TRPF. If the space provided in the TRPF is not found sufficient, a separate form or an annexure may be used.

21. What are the requirements for availing the transposition-cum-demat facility?

The application for transposition should contain only those names in which the BO account has been opened. Signatures of all the holders affixed on TRPF should tally with the DP's records.

22. Does CDSL collect any additional charge for entertaining transposition-cum-demat requests?

No. CDSL does not collect any fee from DPs for processing transposition-cum-demat requests.

23. What is transmission?

Transfer of electronic balances in a BOs account to successors / nominees in case of sole holder account and to the account of surviving joint holders in case of a joint account is called transmission.

24. What is the significance of transmission in demat?

Certificates held in joint names have to be dematerialized in a demat account in

the name of joint holders only. If one (or more) of the joint holder(s) expires before the certificates are dematerialized, the surviving holder(s) need not send the certificates to the issuer to change the names on the share certificates. Such certificates can still be dematerialized in the existing account. In such situation the BO can use the transmission - cum - demat facility offered by CDSL.

25. What procedure should be followed by the BO for transmission-cum-dematerialization request?

The BO should submit Original / or a copy of the death certificate of the deceased holder(s) notarized/attested by a gazette official, and a Transmission Request Form (TRF) along with the Demat Request Form (DRF) and the share/securities certificates to his DP for each demat request.

VI. SETTLEMENT OF SECURITIES IN DEMAT MODE

1. What is settlement?

Investors buy / sale securities on stock exchange platform by placing buy / sale orders through their brokers. This process is referred to as trading and is carried out by stock exchanges within a specific period called as trading hours.

After the trading activity is completed, the process of delivering securities by the seller and delivery of money by the buyer is called pay-in-process. This activity also has to be conducted within a specified time frame. After the pay-in is over, then starts the process of payout wherein the buyer will get shares and seller will get money.

The above activities of trading, pay-in, pay-out are collectively referred as settlement. Each settlement is identified by a unique number called settlement ID.

2. What is the procedure for buying / selling securities through stock exchange in demat form?

The procedure for buying / selling securities in demat form through a stock exchange is similar to that of the procedure for buying / selling physical shares.

3. What is the procedure for the delivery of securities in demat mode in case of sale of securities?

The procedure for deliveries of securities in demat form is much simpler as compared to the delivery of securities in physical form. In case of sale of securities, immediately on receipt of intimation of execution of trade from broker, the seller should issue debit instructions to the DP with whom he maintains his demat account. Securities can be transferred either directly to the Clearing Corporation/Clearing House or to the broker's clearing account, as advised by his broker.

4. What is the procedure for receipt of securities in demat mode in case of purchase of securities?

A purchaser of securities can give one-time standing instruction to his DP for receiving the credit of securities in his account. This standing instruction can be

given at the time of opening of the account or later. Alternatively, a BO may choose to issue separate receipt instruction to his DP everytime he makes any purchase of securities.

The securities which the BO has purchased will be first delivered in his broker's demat account by the Clearing Corporation / Clearing house. The broker will subsequently transfer the securities in the BOs demat account. The broker may give request to the Clearing Corporation / Clearing house to deliver the securities directly in the BO account.

5. What is an On-Market Transaction?

The On-Market transaction function is used to settle the obligations arising out of trades executed by the BO on a Stock Exchange, the pay-in of securities is done through CM pool account (CM Principal Account (For BSE) or CM Clearing Account (For other exchanges). The available balances in the account are considered for pay-in.

6. What is an Off-Market transaction?

The off-market transaction function is used to transfer securities between two BO accounts of CDSL, i.e., Transfer between two BO accounts.

7. What is an Inter Depository transfer?

Any transaction involving receipt or transfer of securities from a BO account in one depository to a BO account with other depository is termed as an "Inter Depository" transfer.

8. What is the procedure of giving instructions to the DP for carrying any of the above transfers?

The BO can execute such transactions by filling up a slip referred 'Instruction Slip' and handing over the same to his DP. Since Depository has a facility whereby the BO can give a 'One time Credit Instruction', also referred to as purchase waiver, a BO needs to give instructions only for debits to his account, hence the instruction slip is also referred as 'Debit Instruction Slip' or 'DIS'.

The BOs registered for the CDSL's online easiest (electronic access to securities information and execution of secured transactions) facility can use set up / upload option for transferring their securities from their account using their easiest login.

9. Which type of transaction can be executed through the DIS?

The DIS can be used to give instructions to execute on market transactions, off market transactions as well as inter depository transfers. Even for credit instructions (wherever 'standing instructions' is 'no') also the BO has to give the DIS Separate DIS has to be used for each type of transaction.

10. Can securities be bought and sold through Depository Participant?

No. Securities can be bought and sold only through a stockbroker. DP facilitates delivery of securities against a sell transaction or receipt of securities for a buy transaction.

11. What are the transaction charges in respect of transfer of demat securities?

Transaction charges for each debit in a BO account is levied by the CDSL and

collected by the DPs. The DPs after adding their mark up, if any, fix a composite charge which is intimated by them to their clients. As per SEBI guidelines all DPs are required to publish their tariff structure on the CDSL web site www.cdslindia.com. Investors can check the tariffs displayed on the web site and take a decision before opening their demat account.

12. For on market transaction what are the details to be entered on the instruction slip?

The BO has to enter his Demat account number, ISIN, Quantity to be delivered, Settlement number and a unique number of their broker called as 'CM ID' on the DIS. The BO also has to enter exchange name and settlement type on the DIS.

13. How is the Settlement Number indicated on the DIS?

Settlement number has 7 digits, the first 4 digits represent the year, and the remaining 3 digits represent the settlement number of the exchange on which the transaction has been executed. In addition to the settlement ID, exchange name and market type are also to be entered in the DIS.

14. What are the different Market Types for settlements through CDSL?

Stock Exchange	SETTLEMENT. MARKET TYPE	SETTLEMENT TYPE DESCRIPTION	
BSE	0	Rolling Normal	
	1	Rolling Auction	
	6	Company Objection Auction.	
	7	Company Objection	
	13	Offer for Sale	
	14	MF - Subscription	
	15	MF - Repurchase	
	27	MF Subscription - Liquid	
	29	DFO - Normal Delivery Based Stock Derivatives	
	30	AFO - Auction Delivery Based Stock Derivatives	
	41	SLB Lend	
	BSE-SLB	42	SLB Lend Return
		44	SLB Lend Return Auction
CORP BOND	16	Corporate Bond. T+0	

	17	Corporate Bond. T+1
	18	Corporate Bond. T+2
NSE	0	Rolling Normal
	1	Rolling Auction
	4	Trade to Trade
	5	Retail Debt Market
	7	Company Objection
	8	Offer for Sale (H)
	12	IRF Normal
	13	IRF Auction
	14	MF - Subscription
	15	MFSS Redemption - (U)
	19	Liquid Subscription (T0)
NSE-SLB	41	SLB Lend
	42	SLB Lend Return
	44	SLB Lend Return Auction

15. What is client level pay-in?

Facility to deliver securities to Clearing Corporation/Clearing House directly from the demat account of a BO is termed as client level pay-in.

16. What are the benefits of client level pay-in?

Benefits of the client level pay-in are:

- In the present market environment of T+2 pay-in settlement cycle, faster settlement of securities can be facilitated through client level pay-in.
- Client level pay-in avoids issuance of multiple instructions i.e. first from client to CM and then from CM to Clearing Corporation/Clearing House.
- Client level pay-in avoids counter party risk associated with the delivery of securities through an intermediary.
- Last minute credits received in a BO account before pay-in time can be used for pay-in.
- Part pay-in of securities is possible, thereby reducing losses due to auction, if any.

17. Does CDSL provide for the client level pay-in?

Yes. CDSL provides the facility of client level 'normal' and 'early' pay-in for both BSE and NSE settlements.

18. What precautions need to be observed with respect to Instruction Slips?

DPS/BOs should take the following precautions with respect to instruction slips:

- DP should ensure that DIS is always issued as a slip book similar to a cheque book.
- DP should ensure that instruction slip serial numbers are pre-printed on each DIS.
- DP should ensure that the demat account number is pre-printed or pre-stamped on each DIS.
- After the DIS has been filled, strike out remaining blank space to prevent misuse.
- All details like target account ID, quantity and ISIN to be furnished in the DIS should be filled in by BO himself.
- BO should use separate DIS for giving On Market / Off Market / Inter depository transfers instructions. Also for Delivery and Receipt transactions separate DIS should be given.
- In case of a Joint Account, all the account holders must sign the DIS.
- After the DIS has been filled, BO should submit the DIS in duplicate and obtain the DP's acknowledgment / receipt stamp on the copy of the DIS and retain the same in safe custody.
- BO should keep the DIS book in proper custody under lock and key when not in use. In case of any loss /misplacement of DIS, the same should be intimated to the DP immediately.
- BO should never sign and keep a blank DIS.
- All the holders must confirm any alteration, correction or cancellation made on the DIS with their signatures

VII. PLEDGE OF DEMAT SECURITIES

1. What is meaning of Pledge?

If an investor takes loan against securities owned by him, then said securities are pledged in favour of the lender Pledge. The borrower is called 'Pledgor' and the lender is called 'Pledgee'.

2. Can securities in demat mode be pledged?

Yes. Securities held in demat mode can be pledged. Moreover, procedures for pledging securities in demat form is very convenient, both for the pledgor and the pledgee.

3. What is the procedure for pledging securities?

Followings are the steps involved in pledging of the demat securities:

- a. The pledgor and the pledgee must have BO accounts with CDSL. These accounts can be with the same DP or with different DPs.
- b. The pledgor BO has to fill up the Pledge Request Form (PRF) in duplicate and submit the same to its DP.
- c. On receipt of the PRF from the pledgor, the pledgor's DP will set up a pledge request in the depository system and a unique Pledge Sequence No. (PSN) will be generated.
- d. The pledge request is available to pledgee's DP through Depository system.

The pledgee will have to submit instructions to its DP for the acceptance or rejection of pledge request by filling up the pledge request form accordingly. If pledgee has given standing instructions to accept the pledges created in its favour to its DP, the pledgee need not submit an instruction to accept the pledge to its DP separately.

- e. The pledge gets created on acceptance of pledge request by the pledgee DP.
- f. The loan agreement and disbursement of loan is outside the Depository system. The pledgee is required to inform only the agreement no. in pledge request form.

4. In physical form pledged shares have to be handed over to the pledgor. What happens when dematerialized securities are pledged?

When dematerialized securities are pledged, they remain in the pledgor BO's demat account but they are blocked so that they cannot be used for any other transaction.

5. How are the securities unpledged in the depository system after the loan is repaid?

- a. The pledgor has to fill up the Unpledge Request Form (URF) in duplicate and submit the same to its DP.
- b. On receipt of the URF, the pledgor's DP sets an unpledge request in the depository system using the PSN generated at the time of creating the pledge. An unpledge request can be for a part or for an entire quantity of pledged securities.
- c. The pledgee's DP has the facility to access the request through Depository system. Based on copy of URF submitted by the pledge, the pledgee's DP either accepts or rejects the unpledge request.
- d. The securities can also be unpledged by the Pledgee giving duly filled URF to his DP instructing to unpledge the securities. This facility is called "Auto Unpledge" where no instruction is required to be given by the Pledgor.

6. How is a pledge invoked if the loan is not repaid ?

The pledgee may instruct the DP to invoke the pledge by submitting 'Invocation Request Form' (IRF). On the execution of this instruction, the securities are moved from Pledgor's account to the pledgee's account. Invocation does not require any confirmation from the pledgor. Pledgor is informed of the movement of securities by his DP.

7. Can all types of securities be pledged?

Yes. Technically all types of securities can be pledged. It depends on pledgee to accept a security for pledge or not.

8. Can lock-in securities be pledged?

Yes. CDSL system permits pledging of lock-in securities. Pledge securities under

lock-in can be invoked by the pledgee only after the lock-in period is over.

9. Who receives corporate benefits on the pledged securities?

The pledgor continues to remain the beneficial owner of the pledged securities and will therefore be receiving the corporate benefits during the period of pledge.

VIII. CORPORATE ACTIONS AND IPO

1. What is a Corporate Action (CA)?

Corporate action is a process by which a company gives benefits to the investors who are holding securities of the company.

2. What are the types of corporate actions?

Corporate actions are classified into two main categories. Cash and Non-cash corporate actions. Cash corporate action results in investors getting benefits in the form of cash. Examples of cash corporate actions are payment of interest / dividend, etc.

Non cash corporate actions result in the investors getting benefits in form of securities. Examples of non cash corporate action are bonus issue, rights, merger, split, etc.

3. Who distributes benefits of cash corporate actions?

The issuer / RTA distributes the benefits of the cash corporate actions directly to the BOs. CDSL is not involved in distribution of cash.

4. Who disburses the benefits of non-cash corporate actions?

CDSL distributes the benefits of non-cash corporate actions in demat form to the investors who have their demat accounts with CDSL.

5. Who provides the list of investors to the issuer / RTA for a particular corporate action?

For Cash Corporate action, e.g. dividend and interest payments:

- a. CDSL provides the concerned Issuer / RTA list of the BOs, their electronic holdings as on the record / book closure date.
- b. The Issuer / RTA then submit an allotment file to CDSL containing the details of allotments to the BOs.
- c. Based on the said allotment file the securities are credited to the demat accounts of the BOs by CDSL.

Non-Voluntary / Auto Corporate Action (e.g. Bonus issue, Merger etc.)

- a. On the effective date, securities are credited to the demat accounts of the BOs having balance on the record / book closure date based on the ratio and the ISINs mentioned by the Issuer / RTA at the time of the set up of the corporate action in CDSL system.
- b. The Issuer / RTA is not required to submit an allotment file.

6. Is the rights issue form sent by the Issuer / RTA or CDSL?

As in the physical segment, the Issuer / Registrar mails the rights form directly to BOs. CDSL / DP would not be mailing the same.

7. Is there any option for the manner in which non-cash corporate benefits could be received?

Yes, BOs have the choice of receiving the non-cash corporate benefits either in electronic or in physical mode. Issuers send intimation directly to the BOs for ascertaining their choice in this regard. Usually, if the holdings are in demat form then non-cash corporate benefits are also in demat form.

8. In case of any discrepancy in entitlement of corporate benefit who should the BO contact?

It is desirable that in case of any discrepancy in cash benefits, the BO should contact the Issuer / Registrar directly. A BO can also register a complaint with CDSL in case of discrepancy in entitlement of non-cash corporate benefits.

9. If the holdings are in dematerialized form, will the bonuses / rights against them be issued in the same form?

- a. The Issuer/RTA regularly obtains holdings report on ISIN balances from CDSL. On the basis of holdings report, the Issuer/RTA issues advice for credit of bonus/rights shares in the demat accounts.
- b. The Issuer/RTA may, if the benefits are being given in the form of securities, distribute such benefits to the investor through CDSL by crediting them electronically to the BO account, provided that the newly created security is an eligible security and has been admitted into CDSL.
- c. Where allotment is made in demat form, the Issuer or its RTA sends allotment advice directly to the BO.
- d. Securities credited directly to the BO account will be reflected in the statement issued by DPs.
- e. In case any security is not admitted with CDSL system, the Issuer/ RTA will distribute the corporate benefit in the physical form.

10. If the BO has holding in physical form, can he receive bonus / rights in the dematerialized form?

In case holding is in physical form, the BO can choose to receive the rights/ bonus allotment in the dematerialized form if he informs his intent to receive the rights/bonus in dematerialized form to the Issuer/RTA.

11. If any investor requests for credit of rights / bonus allotment in dematerialized form without having a demat account, will CDSL open an account on its own to provide credit?

No, in such a case the rights/bonus allotment would be issued in physical form only.

12. Does one get any preference in allotment, if one applies for the issuance of securities in dematerialized form?

No. The investors who have applied for allotment in demat form are treated on par

with the investors who have requested for allotment in physical form.

13. In case of holding in electronic form, when will an investor get electronic credit to his account?

Securities in such cases are credited to the demat account on the effective day indicated by the Issuer/ RTA, as against time of 15 - 20 days taken in for receiving securities in physical form, because in such cases certificates have to be printed and dispatched.

14. Does an NRI require any permission to receive bonus/rights shares?
No.

15. What is an Initial Public Offer (IPO)?

When a company issues securities to the public directly it is popularly known as an IPO. Credit of securities allotted in IPOs can be directly effected in the investors demat accounts.

16. Is it possible to get securities allotted in IPOs directly in demat form?

Yes, it is possible to get securities allotted in IPOs directly in demat form. In fact, in the public issue application form itself, the investor has to mention the BO ID and name, and the ID of the DP. Any allotment made will be credited into the BO's account directly and the BO will get intimation to that effect from the company.

17. Is there any specific way in which BOs are required to mention the details of their demat account numbers in the IPO form?

In case the IPO form provides for 16 digits, the 16 digit BO ID should be entered by the BO. However, if the form provides for separate fields for DP ID and CLIENT ID, the first 8 digits are to be entered as the DP ID and the last 8 digits as the CLIENT ID.

E.g. DPID	CLIENT ID
12010100	00003467

18. How does a BO know that the securities allotted through the IPO have been credited to his demat account?

BOs can verify the credit of the securities allotted to them in the following ways:

- The RTA would send to BOs the allotment advice regarding the shares allotted and credited to their demat account.
- From the statement of account sent by the DP.
- Through CDSL's Internet facility easi/easiest, if the BOs have registered for the same.
- Through SMS alert by CDSL, if a BO is registered for SMS alerts.

19. Who should BOs contact for any query on allotment/ refund relating to an application made under the IPO?

All queries regarding the IPO should be addressed to the company or the Registrar and Transfer Agent, whose details are available in the application form/offer document.

IX. TRANSMISSION OF DEMATERIALIZED SECURITIES

1. What is transmission of securities?

Transmission of securities means transferring ownership of securities to the nominee / successors / Legal heirs in the event of death of the sole / all joint holders or to the surviving joint holders in the event of death of one/more joint holders.

2. What is transmission of dematerialized securities?

Transmission is the process by which securities of a deceased account holder are transferred to the account of his legal heirs / nominee. Process of transmission in case of dematerialized holdings is more convenient as the transmission formalities for all securities held in a demat account can be completed by submitting necessary documents to the DP.

3. In the event of death of the sole holder how should the successors claim the securities lying in the demat account?

The claimant should submit to the concerned DP an application with Transmission Request Form (TRF) along with the following supporting documents:

- a. Original or a copy of the death certificate notarized/attested by a gazette official in case of death of the sole holder where the sole holder has appointed a nominee.
- b. In case of death of the sole holder, where the sole holder has not appointed a nominee
 - (i) original or notarized / attested copy of the death certificate.
 - (ii) Succession certificate / Probate of the will /Letter of administration

The DP after ensuring that the application is genuine will transfer securities to the account of the claimant.

4. If a successor is not able to provide either the succession certificate / Probate of the will / Letter of administration, then what is the way to get the securities transmitted?

If value of the securities in the deceased BOs account is less than Rs. One lac, transmission can still be carried out by providing following documents.

- a) Transmission Request Form
- b) Original or Copy of the death certificate of the deceased BO duly notarized or attested by a Gazetted Officer.
- c) Any one or more of the following documents:
 - Letter of Indemnity executed by the applicant(s) on non-judicial stamp paper of appropriate value, duly notarized
 - An Affidavit from the applicant executed on non-judicial stamp paper of appropriate value and notarized
 - No objection certificate [NOC] from all legal heir(s) who are not applicants conveying no objection to the transmission of the relevant securities in favour of the applicant(s).
 - As an alternate to NOC, copy of Family Settlement Deed duly notarized or

attested by a Gazetted Officer and executed by all the legal heirs of the deceased BO, provided that:

The Family Settlement Deed clearly vests the securities in favour of the person seeking transmission in his/her name. Vesting of securities in favour of the person seeking transmission in his/her name is not contingent upon any other onerous conditions in such a Family Settlement Deed.

Note: If the division of shares as per the Family Settlement Deed is amongst more than one person, then the Family Settlement Deed can be considered as an NOC for transmission of shares to each legal heir applying for transmission.

5. What is the procedure of transmission in the event of one or more account holders in a joint demat account?

In such case the surviving holders of the account have to submit following documents to the DP:

- Transmission request form
- Original or a copy of death certificate of the deceased account holder(s) duly notarized or attested by a gazetted officer.
- Client master report of the demat account in the name of the surviving holder(s)

The DP, after verifying the documents submitted, can set up a transmission request and transfer the securities to the account held in the name of surviving holder(s).

6. What exemptions are given from obtaining the documents for opening a new account in favour of surviving joint holders with the same DP?

Following exemptions are given from obtaining the documents in case a new account is opened in favour of surviving joint holders with the same DP:

- The surviving joint holders need not enter into agreement if the new account is opened with the same DP.
- The address proofs obtained at the time of opening an old account for permanent address and correspondence address can be considered, while opening a new account if the 1st holder of the new account is same as the old account.
- The SMART registration form submitted during the opening of an old account can be continued provided the 1st holder of the account is same.

X. REMATERIALIZATION

1. What is rematerialization?

Rematerialization is the process of converting securities held in an electronic form in a demat account into paper form, i.e., physical certificates.

2. What is the procedure for rematerialization?

- A BO who wishes to have his dematerialised holdings of securities rematerialized has to submit duly signed Rematerialization Request Form

(RRF) to his DP. RRF can be signed by the POA holder also if any POA has been given. The POA must be registered with the Issuer/RTA

- On verification of the form, DP will generate the remat request in the system and will send it to Issuer/ RTA. On confirmation by the Issuer/ RTA, the balance will be debited from BO's demat account.
- The Issuer/ RTA then issues securities in physical form to the BO directly.

3. Is it possible to rematerialize lock-in securities held in a demat account?

Yes. Lock-in securities in a demat account can be rematerialized. If a BO has free as well as lock-in securities in his account for an ISIN, then a separate RRF is to be submitted for rematerialization of both free quantity, and quantity under lock-in as well. If lock-in balance is for different lock-in reasons, or of different lock-in expiry dates, then a separate RRF is to be submitted for each lock-in reason / lock-in expiry date combination.

4. In case of request for rematerialization does one get back the same certificate(s) that was dematerialized?

No. The Issuer / RTA will issue new certificate(s). The new certificate/s may be issued under new folio number or in the existing folio, if investor already has one with the company.

5. If the physical certificate issued on rematerialization has some mistake in the name or any other details, who should the investor contact?

The Issuer or RTA, as the case may be.

6. Does the rematerialization attract any stamp duty?

No. Remat does not amount to a transfer and does not attract any stamp duty.

XI. ELECTRONIC ACCESS TO SECURITIES INFORMATION (easi)

1. What is easi?

Easi (electronic access to securities information) is a convenient, easy to operate internet based facility, which allows registered Beneficial Owners (BOs) and Clearing Members (CMs) to access their demat account through internet to check the details of their holdings / valuation and transactions, corporate announcements, anytime/anywhere, through CDSL's website www.cdslindia.com.

2. What are the benefits of easi to BOs?

- Viewing and printing details of holdings and/or transactions for last 7 days in their account
- Viewing and printing the valuation of holdings in their demat account based on the previous day's closing price
- Viewing multiple demat accounts through a single login ID
- Monitoring corporate announcements related to the securities, held in their demat account. A BO also has the additional option to add upto 25 ISINs not held in their demat account to monitor corporate announcements for such ISINs.

3. What are the benefits of easi to CMs?

- Viewing and printing of holdings of the securities held in their settlement accounts along with the valuation as per the previous days closing price
- Viewing and printing the status of their transactions and also the pay-in and pay-out positions along with the shortages (DP89) for any given settlement
- Downloading holding and/or transaction details to update their back office
- Monitoring corporate announcements for the securities, held in their demat accounts. A CM also has the additional option to add upto 25 ISINs not held in their demat account to monitor corporate announcements for such ISINs.

4. Can all BOs/CMs use this facility?

Yes, this facility is available to all BOs/ CMs.

5. What is auto registration?

When a new account [BOLD] is activated in the CDSL system with a valid email ID then a log-in for "easi" will be created for the BOLD automatically. The 16-digit BOLD would be the initial "log-in ID". The BO will receive an email of auto easi registration from CDSL (on the email ID entered in the CDSL system), informing him of the "password" for the "easi" log-in.

6. What is the procedure a BO should follow on receipt of email for auto registration?

The BO is required to click on the link sent in the email and complete the registration process. The 16-digit log-in ID may be changed by the BO as per his/her choice. It should be noted that the BO will be permitted to change the log-in ID only once, at the second screen displayed to the BO, when the BO logs in for the first time. On initial log-in, a prompt to change the password will be displayed and the BO would then be required to change the existing password given in the email sent by CDSL.

7. For how many days the password received in the auto easi registration email is valid?

The password received in the auto easi registration is valid till 03 months from the date of email. If the BO forgets to register within the stipulated time period, then he can register for easi online through www.cdslindia.com.

8. What is the procedure to register online for easi?

If a BO wants to register for CDSL's easi facility he/she needs to follow the procedure as mentioned below for online registration:

- Log on to CDSL's website www.cdslindia.com through internet explorer.
- Click on "**New Easi User**" option available in 'login to-My easi'. Link available on the homepage of CDSL's website
- Enter 16 digit BOLD (Demat A/C No.) as login name
- Enter PAN followed by first four digits of date of birth (PAN + DDMM) as password
- Click on "Go"

- The system will ask to change the username and provide certain other details (For example-email ID, mobile no. etc.)
- On completion of the registration process, the system will ask to change the password.

9. What has to be entered as date of birth in case of HUF, CM or Corporate BO while registering for easi?

In case of HUF, CM or Corporate BOs, date of incorporation (DDMM) has to be entered as date of birth.

10. What if while doing on-line registration for easi, the system shows an error as “Invalid Date of Birth” or “Invalid PAN” or “Invalid Login name”?

The details entered by the BO at the time of on-line registration are checked against the details present in the CDSL system; hence if the system is showing anyone of the above errors while doing online registration the BO has to approach his DP to know the correct details entered in the CDSL system to carry out the registration process successfully.

11. If a BO is not aware of his/her BOID then whom should he/she contact?

BOID is Beneficial Owner Identification Number or Demat Account Number which is of 16 digits consisting of 08 digits DP ID and 08 digits Client ID. A BO has to approach his/her DP (with whom a demat account is opened) to know the demat account number.

12. If a BO has forgotten the username and password for his/her easi login, what is the procedure to obtain the username and password?

The BO can obtain the user name from his DP. If the BO has forgotten the password then the same can be reset through “forgot password” link. The BO has to give either, login ID or BO ID and PAN/ mobile no. or email ID for resetting the password.

After resetting the password, the new password will be sent on the registered email ID for easi login.

13. Can a BO change/modify username after registration?

No, the BO cannot change/modify the username (login name) after registration. He/she can set the username (login name) only once at the time of registration.

14. How many accounts can a BO can map in one login?

The BO can map 08 additional accounts with one login, which means the BO can avail easi facility of 9 accounts with one login.

15. Should a BO map the additional BOIDs only during registration for the first time?

The BO can either map the additional 8 BOIDs during registration for the first time, or as and when required. The facility to add or modify the grouping is provided through “edit grouping” option. Please note that the form generated during grouping has to be submitted to respective DPs for authentication. On

authentication by the DP, the grouped accounts will be viewed in the login.

16. How can a BO view his/her demat account holdings?

To view demat account holdings, go to our website - <http://www.cdslindia.com>, click on login to “my easi”, enter login ID (username) and password and click on <Login>.

17. What should a BO do if he/she is facing problem while viewing demat account details?

Our easi facility is more compatible with Internet Explorer 7.00 and above versions and details can be entered/ viewed without disturbances. Further, a BO is required to download the silverlight and if the BO is facing problem in downloading silver light software, then he/she can install the latest Microsoft Silver light component software from [http:// www.micrsoft.com/silverlight/](http://www.microsoft.com/silverlight/), for further assistance. The BO may also refer to the following link on CDSL’s website <https://www.cdslindia.com/help.html>.

18. Can a BO edit his/her profile like email ID/ telephone number, etc.?

Yes, BO can do the modification of his/her email ID / telephone number, etc., through easi login. For doing so, click on the option “edit profile” available on easi login. The BO can modify security question and its answer, email ID, telephone number for the easi login. Further, the BO can also send request to DP to change email ID and telephone number in the CDSL system through “edit profile” option and has to click on ‘Inform DP to change contact details in your demat account’. BO also has the option to change his mobile number which has been registered for SMART, further in case if the BO does not want to receive SMS Alert he may de-register for such alerts if he is a POA client he may be able to de-register only for the Portfolio valuation.

19. Can a BO monitor corporate announcements for the shares in his/her demat account through easi?

Yes, a BO can monitor corporate announcements for the securities held in demat account through easi login. A BO also has an option to add upto 25 ISINs not held in their demat account to monitor corporate announcements for such ISINS.

20. How to check the status of transactions?

Easi also facilitates checking the status of transactions. To check the status of transactions, please click on the ‘Inquiry’ link available in easi login.

21. Can a BO set up/upload transactions through easi login?

The BO who has registered for easi facility cannot set up/upload transactions through his/her easi login. The facility for online transfer of shares (or online transactions) is available to BO’s through CDSL’s ‘easiest facility’.

22. If a BO has already registered for easi, how can he/she register for easiest?

The BO who has already registered for easi can register for easiest through “upgrade BOID to easiest” option available in his/her easi login. The form gets generated during upgradation process which has to be submitted to the DP for its authentication.

- 23. How can a BO register for SMS alerts facility through easi login?**
A BO can register for SMS alerts facility through “SMS alerts” option available in his/her easi login.
- 24. When the SMS alerts facility will get activated after registration?**
After registration for SMS alerts facility, it will be activated at the end of the day.
- 25. How can a BO modify the details of SMS alerts?**
SMS alerts details can be modified through “Modify SMS Alerts details” option in easi login.
- 26. How to change the password for easi login?**
A BO can change the password through “Change Password” option available in his/her easi login.
- 27. Can BO deregister itself from easi?**
Yes, BO can deregister itself from easi through “deregister” option available in the login.
- 28. Is it possible to register again for easi/easiest after deregistration?**
Yes, it is possible to register again for easi/easiest after deregistration.
- 29. After deregistration, can a BO register again with the previous username?**
No, the BO cannot register with the previous username after deregistration. The BO has to register with the new username.
- 30. What are the charges for availing ‘easi’ facility?**
CDSL has provided the ‘easi’ facility to its demat account holder free of cost.
- 31. Can a BO freeze/unfreeze his/her account from easi login also?**
BO has the facility to freeze the demat account from his/her easi login. Further, the BO also has the option to freeze his/her account partially or full freeze a particular ISIN also as the option to full freeze his/her account, and also has the option to freeze his/her account only for debits/ only from the credits or for both debit and credit.

XII .ELECTRONIC ACCESS TO SECURITIES INFORMATION and Execution of Secured Transactions (easiest)

- 1. What is easiest?**
CDSL’s internet based facility easiest (electronic access to securities information and execution of secured transactions), permits the BOs to submit off-market, on-market, inter-depository and early pay-in online instructions from their easiest login by using Internet facility from anywhere/anytime.
- 2. What are benefits of easiest to the BO?**
CDSL’s easiest facility permits the BO to upload/set up online transactions. The BO’s need not submit a DIS(Delivery Instruction Slip) to the Depository Participant

(DP) for the transactions done through 'easiest' login.

3. **What is the procedure to be followed by other BOs (CM/BO) to register for easiest?**

The BOs can register for CDSL's easiest facility by following the below mentioned procedure:

- Logon to www.cdslindia.com, Click on 'Login to –My easi'
- Click on 'Register-easiest user' option available in the login page.
- Enter your DPID and client ID (your demat account no.)
- The system will ask you to provide a username and enter certain details like email ID, mobile number and security question.
- When all entries are complete, print/ download the registration form
- Submit the registration form duly signed by all the joint-holders to the depository participant (DP) for authentication.
- On verification of the details, the DP will activate BO's login for easiest. The BO will receive password at his e-mail ID as intimated at the time of registration.

4. **What is to be done in case the registration of the BO for easiest is pending at DP for authentication?**

If the registration for easiest is pending at DP end for authentication, he/she has to submit registration form to DP for authentication. If the BO has not taken the print of the form during registration then the same is also available in its email ID intimated while doing online registration as the forms are sent on the said email ID. Further, the BO can also ask DP to give a printout of the same. The DP has the facility to take the printout of the registration forms of their account holders through their login. The BO can obtain the form from the DP and return the same to them duly signed for their authentication. After authentication by the DP, BO will receive the password through the email ID intimated while doing online registration.

5. **Can a BO get the easiest facility for his/her grouped accounts**

No, a BO will get easiest facility only to the main account and the grouped accounts will have only easi facility. In case if the grouped accounts wish to opt for easiest facility; they have to register for easiest individually.

6. **Can a CM get easiest facility for his/her grouped accounts of CM?**

Yes, a CM will get easiest facility to his/her grouped accounts of CM Principle and CM Pool accounts. The early pay-in account will have only easi facility.

7. **Can a CM group BSE CM accounts and NSE CM in one login?**

No, currently a CM has to map BSE CM accounts and NSE CM accounts separately i.e. through one login BSE CM accounts and through other login NSE CM accounts. However, the same is possible after request is submitted to CDSL in specified format.

8. **Can a BO monitor corporate announcements for the shares in demat account through easiest login?**
Yes, a BO can monitor corporate announcements for the securities held in his/her demat account through easi/easiest login. He/she can also add maximum of 25 more ISINs not held in the demat account to monitor corporate announcements for such ISINs
9. **How to transfer securities through easiest login?**
The BO can transfer securities held in his/her demat account through “set up” or “upload” option available in his easiest login.
10. **Can a BO/CM submit multiple transactions through easiest?**
Yes. The easiest upload facility enables a BO / CM to submit multiple transactions in a single file.
11. **Does a BO/CM still need to submit physical instruction slip (DIS) to the DP when executing transactions on easiest?**
No, a BO / CM who submits instructions through easiest need not give any instruction slip to their DP.
12. **What are the different types of account transfers available on easiest?**
There are two types of account transfers available on easiest, i.e., Trusted Account Transfer and Account of Choice Transfer.
13. **Can BO deregister itself from easiest?**
Yes, BO can deregister itself from easiest through “deregister” option available in the login. Deregistration from easiest login has to be authenticated by the DP.
14. **If a BO has deregistered from easiest, can he/she register again for easiest?**
Yes, a BO can register again for easiest after deregistration, but with the different login name.
Deregistration of the login ID will be effected by end of the day on which DP authenticates the deregistration request of the BO.
15. **What should a BO do who is registered for easiest facility and wishes to have only easi(view) rights and not wish to continue easiest facility?**
A BO who does not wish to continue with the easiest facility, and wishes to have only easi facility, can downgrade his/her easiest login to easi through ‘Reassign login to easi account’ option available in the login.
The result of the BO for downloading easiest login to easi has to be authenticated by the DP. The BO can continue set up or upload of transactions from his/her easiest login till end of the day on which the DP authenticates the BO’s request.

TRUSTED ACCOUNT TRANSFER

1. What is Trusted Account?

Trusted Accounts are the settlement related demat accounts of clearing members CMS/brokers to which a BO wants to deliver securities through easiest.

2. What is Trusted Account Transfer? And who can use the said facility?

Trusted Account Transfer permits transfer of securities from a BO account to the settlement account of a CM. The BOs can Transfer the securities to settlement accounts of any FOUR CMs which have been pre-notified by the BO while registering for the facility. Transactions through the trusted account option can be set up by an additional Personal Identification Number (PIN), which will be emailed to the BO separately. That is if any BO opts for the Trusted Account option, he will receive two separate emails with two separate passwords, one for accessing his “easiest” login and second for the PIN for authorizing his transactions.

The BOs other than Clearing Members can opt for trusted account facility.

3. What are charges involved in trusted account?

The transactions through ‘Trusted Account’ transfer option are authenticated through PIN. Therefore, there are no additional charges.

4. Which documents does the BO have to submit to his/her DP for authentication after registration?

After registration the BO has to submit Easiest registration form duly signed by the all holders and Declaration letter duly signed and stamped by the Trusted Account holder to his/her DP for authentication.

5. Can a CM register for Trusted Account facility?

CMs cannot register for Trusted Account facility.

6. Can a BO add/ remove the Trusted Accounts?

A BO can add/ remove the trusted accounts through “Edit Trusted Account” option available in his/her easiest login.

7. Can the BOs, who have opted for Trusted Account option set up inter depository transactions?

No. The BOs who have opted for Trusted Account option cannot set up inter-depository transactions can transfer their scrips to pre-notified CM’s settlement accounts which are opened in CDSL and grouped to their easiest login.

8. What is the procedure to be followed in case a BO has forgotten the PIN or PIN gets locked?

If the BO has forgotten the PIN the same can be retrieved through ‘Reset PIN’ option available in the login by answering the security question. In case if a BO is unable to reset the PIN, then he can request his DP to reset the PIN. .

9. Can a BO change his/her trusted account PIN?

Yes, a BO can change trusted account PIN through “Change PIN” option available in easiest login.

10. What procedure is to be followed if a BO wants to change the mode of operation from Trusted Account to Account of Choice option?

A BO can change/modify the mode of operation from Trusted Account to Account of Choice option through “Modify mode of operation” option available in easiest login. After authentication by the DP, the BO gets registered for Account of Choice option.

ACCOUNT OF CHOICE TRANSFER

1. What is Account of Choice Transfer? And who can use the said facility?

Accounts of Choice Transfer permits transfer of securities from one BO account to any other demat account including the CM settlement accounts. All the on-market, off-market, early pay in and inter-depository transactions are authenticated by means of a digital signature (e-token). The BO has to obtain the digital signature from any of the Registered Authority (RA) of Tata Consultancy Services (TCS). CDSL is also one of the RA of TCS and provides digital signature at an additional cost. The CMs will allow to register under “Account of Choice” option in easiest. Any BO can opt for Account of Choice Facility.

2. What are the charges involved in Account of Choice option?

In Account of Choice option, the transactions are authenticated by means of a digital signature (e-token). The charges for the application of new e-token issued by CDSL are Rs.2, 250/- plus service tax. The e-token issued by CDSL has to be renewed after every 02 years and the e-token renewal charges are Rs.1, 500/- plus service tax. These charges are subject to change any time without prior notice. For the charges of the e-token issued by RA other than CDSL, one should contact respective RA.

3. Who can avail the upload facility?

All BO / CM who have registered for easiest can avail this facility.

4. How to upload transactions through Easiest login?

The BO can upload transactions through “Upload” option available under ‘Transactions’ menu in the BO’s easiest login.

5. In whose login POA (Power of Attorney) link is available?

The POA link is available in CM’s login only.

6. What functions the CMs can execute through POA link?

The CMs can map/upload/delete POA-BOID links from POA link option. Please note CMs can upload/map only those POA-BOID links which are active in CDSL system. The POA/BOID link mapped through easiest login has to be authenticated by DP's easiest login.

XIII. SMART

1. What is the SMART facility?

SMART stands for **SMS Alerts Related to Transactions** in which the BOs registered for SMART will receive alerts for all types of debits and credits due to IPO allotments and corporate actions. The BOs are also sent alerts about certain modification in their demat account.

2. Is it Mandatory to register for SMS facility?

As per SEBI guidelines, it is mandatory to register for SMS facility to these accounts where the account holders have given power of attorney to operate their demat account, registration to SMS facility is mandatory, except in case of accounts held by non- individuals, foreign nationals and NRI's.

3. When will I receive a SMART alert?

Presently the alerts are sent every 10 minutes starting from 7 AM to 9 PM on all working days. If more than three transactions have taken place during the interval, then details of first three transactions and total number of ISINs debited are given in the SMS, and for details of other transactions the BO has to contact his DP.

4. How do I avail this facility for my account?

You will have to approach your DP and submit the SMART registration form duly completed. This can also be downloaded from CDSL's website www.cdslindia.com. Alternatively, the BO can also register for SMART facility through his / her easi/easiest login.

5. Will I receive a SMS alert, if details of demat account are modified?

Yes. SMS alerts are sent as and when any of the following details of a demat account are modified.

- Correspondence / permanent address
- Signature(s) of account holder(s)
- Bank details
- Nomination details
- Power of attorney details

6. Which category of the BOs will get SMS alerts for debit transactions?

All types of BOs except CMs and Commodity BOs will receive SMS alert for debit in the account through following type of transactions:

- (i) Debit of shares through free transfer of account
- (ii) Debit of shares through transmission

- (iii) Debit of shares through on-market or off-market transactions
- (iv) Debit of shares through pledge

7. Which type of accounts will receive SMS alerts for credit transactions?

Demat accounts of category Individual, Trust, and HUF BOs will receive SMS alert credit transactions in the account.

- (i) Credit of shares through IPO
- (ii) Credit of shares through corporate action/ Auto Corporate Action

XIV. DEBT INSTRUMENTS AND GOVERNMENT SECURITIES

1. What types of debt instruments are available in CDSL for dematerialization?

All types of debt instruments, like Bonds, Debentures, Commercial Papers, Certificate of Deposit, etc., irrespective whether these instruments are listed/unlisted/privately placed can be dematerialized if they are admitted in CDSL.

2. Who handles issue management, settlement of trades, distribution of interest and redemption proceeds to subscribers of Government Securities?

Reserve Bank Of India. (Public Debt Office of RBI).

3. Who are the subscribers to the issue of G-Sec?

The subscribers to G-SECS are mostly banks, primary dealers, non banking financial companies, financial institutions, PF trusts, money market mutual funds and corporates.

4. What are the options available to the investor for holding government securities?

The options available to the investor for holding g-sec are :

- a. In the form of physical certificates
- b. In the form of book entry, i.e., in the form of credit to an account maintained by the investor at RBI or any other approved entity. This form is known as SGL form and the approved entity is known as SGL accountholder/ CSGL accountholder. (Subsidiary General Ledger account holder/Constituents Subsidiary General Ledger accountholder).

5. Is CDSL an SGL accountholder?

Yes, CDSL is an SGL accountholder. The BOs can therefore hold, transfer and transact in G-SEC through their demat accounts held with CDSL through their DPs.

6. Can all types of debt instrument be held in same demat account?

Yes. All types of debt instrument can be held in same demat account along with

equity and government securities.

7. **How can a BO convert existing physical certificates into electronic form or how can a BO holding balances with any other entity e.g. Federal Bank, Axis Bank, etc., in a book entry form transfer the same to his existing CDSL demat account?**

Conversion/ Transfer can be done through dematerialization process in CDSL.

8. **Is partial dematerialization of a physical certificate allowed?**

No. Partial dematerialization of a physical certificate is not allowed.

9. **Can separate ISINs/loan codes be dematerialized through a single demat request form for G-sec (DRF-GS)?**

No. Separate DRF-GS (Demat Request Form for Government securities) to be used for different ISINs / loan codes.

10. **Can G-sec whose ISIN is not activated in CDSL be dematerialized?**

Yes. DP shall be required to inform CDSL the details of the ISIN vide a standard letter as per the prescribed format for activation of the concerned ISIN.

11. **Should the DP deface / mutilate the physical g-sec certificates received for dematerialization?**

The DP should not deface / mutilate the g-sec certificates received for dematerialization.

12. **What is “Value Free Transfer” of G-sec?**

The transfer of G-sec held by a BO with some other SGL/CSGL accountholder to his BO account with CDSL or vice-versa is known as Value Free transfer. Such transfer does not involve any consideration.

13. **Can G-Sec be rematerialized?**

Yes. G-sec can be rematerialized in case the BO/investor desires to convert the government securities held in electronic form into physical certificates or the securities are to be transferred from SGL account /CSGL account at CDSL to CSGL account of another CSGL accountholder.

14. **What are the charges levied by CDSL for rematerialization?**

No charges are levied by CDSL to its DPs for rematerialization of G-SECS i.e. for transfer from CSGL account at CDSL to CSGL account of another CSGL accountholder.

15. **Is transfer of G-SEC through inter depository permitted?**

No. Since CDSL and NSDL are separate SGL accountholders, transfer of G-sec from one depository to the other depository is considered to be an inter-SGL transfer and such transfers are required to be separately reported to the RBI. Hence, inter-depository transfers of G-SECS are not permitted.

16. Is there any other procedure to transfer G-SEC holdings between depositories?

Yes. By way of dematerialization and rematerialization, government securities can be transferred between two depositories. Rematerialization of the concerned securities in NSDL has to be done and then the same has to be dematerialized in CDSL after due reporting to the RBI through the reporting system.

17. What is the procedure for transfers of G-SECS between two demat accounts within the same depository?

The procedure for off-market transfers in G-SECS is the same as for equities and other securities.

XV. DEMATERIALIZATION AND SETTLEMENT OF WAREHOUSE RECEIPTS

1. Can I hold securities and warehouse receipts (WR) in one demat account?

No. Separate demat account should be opened for holding securities and warehouse receipts.

2. Is the procedure of opening demat account for holding WR same as that for holding securities?

Yes, but under a separate account category.

3. Can demat account for holding WR be opened with any DP?

Demat account for holding WR can be opened with only those DPs who have been empanelled by the respective commodity exchange. Presently, there are four commodity exchanges in India, NCDEX, MCX, NSEL and ACE Derivatives are the exchanges that have entered into agreement with CDSL.

4. Who will issue warehouse receipts that can be dealt in CDSL depository system?

Warehouses, who are empanelled by the above exchanges, have to enter into agreement with CDSL, exchange and RTA. Only these warehouses will issue warehouse receipts for dematerialization to holder of commodities.

5. How these warehouse receipts can be dematerialized?

An accountholder will furnish details of the demat account number specifically opened for dematerialization of the warehouse receipts to warehouse. Warehouse will intimate CDSL, exchange and the RTA for the credit of warehouse receipts in the demat account. The RTA will credit the balance using "corporate action" module of CDSL. The balances so created can be used for transfer to other commodity accounts within CDSL or for settlement of commodity trades.

- 6. Is an ISIN number also allotted to commodities?.**
Depending on type of commodity, grade, validity-expiry date, name of warehouse and location exchanges will allot ICIN to each commodities. ICIN for same commodity differs from exchange to exchange.
- 7. How to give delivery of warehouse receipts in the depository system?**
Similar to securities market, warehouse receipts can be transferred to the Clearing Member's account using Delivery Instruction Slip (DIS) for the settlement of trades on exchange. However, warehouse receipts issued for one exchange can not be used for delivery of trades on other.
- 8. How to claim delivery of commodities against warehouse receipts credited in the demat account?**
Deliveries of commodities credited in demat accounts by dematerialization of warehouse receipt can be claimed by submitting "Remat Request Form" to the DP. The DP will setup rematerialization request in CDAS system and handover letter / acknowledgement generated by the CDSL system to the BO for producing the same to respective warehouse. These remat requests will reach the Registrar electronically through the depository system. The accountholder needs to submit to the warehouse the acknowledgment given by the DP for the purpose of taking delivery. Warehouse may deliver the commodity after satisfying itself based on the details given in the letter / acknowledgement and details of accountholder given by the Registrar.
- 9. How to claim delivery of e-Gold, e-Silver after purchase on NSEL?**
Deliveries of e-Gold, e-Silver can be taken by transferring the said ICIN to exchange house account and submitting the surrender request form (available on NSEL site www.nationalspotexchange.com) to NSEL.

XVI- BASIC SERVICES DEMAT ACCOUNT

1. What is a 'Basic Services Demat Account (BSDA)?

The BSDA is a special category of demat account which can be opened by only individual investors.

2. Can an Investor open more than one demat account under the BSDA category?

No. Only one account can be opened under the BSDA category, where the investor is a first / sole holder. Such first /sole holder should not have any other demat account (under any category) with him/her as the first / sole holder and the value of the securities held in the demat account shall not exceed Rs. two lakhs at any point of time.

3. Can an investor convert an existing demat account in to BSDA category?

Yes, provided no other demat account exists in the name of same first / sole holder and the value of the securities held in the demat account shall not exceed Rs. two lakhs.

4. Is registration to SMS alerts (SMART) facility mandatory for the BSDA category accounts?

Yes. SMART registration is mandatory for the BSDA accounts.

5. What Annual Maintenance charge (AMC) will be levied by the DP to the BSDA category accounts?

As per SEBI directive, the charge structure will be based on value of holdings in the accounts as indicated below:

- I. No AMC shall be levied, if the value of holding is up to Rs. 50,000.
- II. For the value of holding from Rs 50,001 to Rs 200,000, AMC not exceeding Rs 100 may be charged.
- III. If the value of holding in such BSDA exceeds Rs. 200,000 at any date, the DPs may levy charges as applicable to regular accounts (non-BSDA) from that date onwards.

6. What are the other features of demat accounts opened under the BSDA category?

Please refer to SEBI circular no. CIR/MRD/DP/22/2012 dated August 27, 2012, regarding Basic Services Demat account available on SEBI website www.sebi.gov.in.

I. DP ADMISSION

1. Who can apply for grant of certificate of registration as a depository participant (DP)?

In terms of Regulation 19 of SEBI (Depositories and Participants) Regulations, 1996, the following entities can apply for grant of certificate of registration as a depository participant;

- A public financial institution as defined in section 4A of the Companies Act, 1956 (1 of 1956);
- A bank included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
- A foreign bank operating in India with the approval of the Reserve Bank of India;
- A state financial corporation established under the provisions of section 3 of the State Financial Corporations Act, 1951 (63 of 1951);
- An institution engaged in providing financial services, promoted by any of the institutions mentioned in sub-clause (i), (ii), (iii), (iv) jointly or severally;
- A custodian of securities who has been granted a certificate of registration

- by the Board under sub- section (1A) of section 12 of the Act;
- A clearing corporation or a clearing house of a stock exchange;
- A stock broker who has been granted a certificate of registration by the Board under sub-section (1) of section 12 of the Act;
- A non-banking finance company;
- A registrar to an issue or share transfer agent who has been granted a certificate of registration by the Board under sub–section (1) of Section 12 of the Act.

2. What documents are required to be submitted by an applicant for the grant of certificate of registration as a depository participant?

An applicant for DP registration should submit the following documents to CDSL:

- Application for the grant of certificate of registration as a depository participant in Form E as specified in SEBI (Depositories and Participants) Regulations, 1996.
- Details of registration of applicant company, its holding company, affiliates / associates and subsidiaries alongwith certified / notarized copies of registration certificates;
- List of Directors of the applicant for the last three years and brief Bio-data of existing directors and copies of PAN cards of applicant company and its existing directors;
- Shareholding pattern of the applicant for last three years;
- Organization structure of the applicant;
- Board resolution authorizing application for registration as a DP;
- Net worth Certificate and computation of net worth based on latest audited financial statements in ORIGINAL;
- Audited Financial statements for last three years; Latest audited financial statements should be certified by Statutory Auditor.
- Updated Memorandum and Articles of Association with a clause of acting/carrying business as Depository Participant;
- Latest status Report from the concerned stock exchanges in case the applicant is a stock broker;
- Details of Compliance officer and his/her brief bio-data.
- Details of hardware and software procured for DP operations
- Location of office premises and means of connectivity
- Brief profile of the applicant company including background of the promoters, existing client base, branch office, if any, etc;
- Internal Control, Risk Control and Operation Manual;
- Undertakings as per the prescribed format;
- Additional Information required by SEBI in the prescribed format.
- Declaration from the applicant for adequate insurance coverage for the safe -keeping of the documents.

3. What is the minimum net worth requirement for becoming a stock Broker DP?

The minimum net worth requirement for intending stock broker DP is Rs. 2 crores calculated in accordance with the formula as prescribed by CDSL.

4. Is net worth certificate required to be provided by the applicant company?

Yes. The net worth certificate is required to be provided by the applicant company in original based on the latest Audited Financial Statements computed as per the CDSL prescribed formula and to be submitted on the letterhead of a Chartered Accountant. Latest Audited Financial Statement should be **authenticated by the statutory auditors**.

5. What are the requirements for submission of the list of directors?

The requirements for submission of the list of directors are as follows:

- The list of directors should be submitted on the letter head of the applicant.
- The list should cover the last three financial years and also the list of directors as on the date on which the application is made.
- The age and number of years of experience should be mentioned separately for each of the directors, for each of the financial year, and as on the application date.
- PAN and DIN details should be provided separately. Certified copies of PAN cards of directors to be submitted along with application.
- The list of directors should be signed by authorized signatory as per board resolution.

6. What are the requirements for submission of the shareholding pattern?

The requirements for submission of the shareholding pattern as given below;

- The shareholding pattern should be submitted on the letterhead of the applicant company in original for the last three financial years. Additionally, the shareholding pattern as on the date on which the application is made should also be provided.
- The shareholding pattern should be signed by authorized signatory as per board resolution

7. Is a track record mandatory while making an application to CDSL by the applicant in the Form E for registration as a participant?

Yes. The applicant company shall be required to furnish information and details of its business history, which shall be for a minimum period of three years, or from the date of its inception, if less than three years.

8. What are the disclosures required to be made by the applicant?

The applicant has to provide complete disclosure about the following:

- involvement in any litigation pertaining to the capital market which has an adverse bearing on the business of the applicant;
- conviction for moral turpitude;
- found guilty of any economic offence;
- Instance of violation or non-adherence to the securities laws, code of ethics/conduct, code of business rules to which the applicant or its parent or holding company or affiliate may have been subject to, economic or criminal liability or suspension from carrying out its operations or temporary revocation of the registration.
- Dispute related to SEBI, a turnover fee which has been levied by SEBI on the applicant in the past.

9. What are the various reasons leading to rejection / return of the application of the applicant?

- Non-disclosure or wrong disclosure of material facts having bearing on the consideration of the application or disclosure of incorrect material facts or providing misleading information
- Not fulfilling the admission criteria as per CDSL Bye law
- Net worth below the eligibility criteria for admission as a Depository Participant.
- Suspension of the SEBI certificate of registration as a member of the concerned exchange
- The applicant company or its affiliates or subsidiaries found guilty of any violation / irregularities.
- Lack of capital market related experience.
- SEBI order prohibiting the applicant / affiliates / subsidiaries / directors / shareholders from accessing the securities market from buying, selling or dealing in securities market directly or indirectly.
- Not fulfilling 'fit and proper person' criteria.

10. Is it mandatory for the applicant to submit a copy of the PAN card?

Yes. The applicant has to mandatorily submit the certified true copy of the pan card of the applicant company as well as its existing directors.

In case promoter/s is/are company/ies, its latest list of Directors & Shareholding Pattern and certified copy of latest Audited Financial Statements required.

In case directors of applicant are also acting as directors in other company / companies, registration details, list of directors, shareholding pattern of those companies, are to be submitted.

II. FAQ FOR AUDIT & COMPLIANCE

- 1) Which documents are to be submitted to the CDSL on periodic basis and what are the due dates?

DOCUMENTS TO BE SUBMITTED TO THE CDSL

Sr. No.	Particulars	Periodicity	Due dates for submitting
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		for submission of reports	reports
1.	BO Grievances Report to be submitted electronically	Monthly	10 th of the following month
2.	Internal Audit Report and concurrent audit of risk prone areas	Half yearly	15 th May for half year ended 31st March & 15th November for half year ended 30th September
3.	Audited Net Worth Certificate	Yearly	30 th September, after end of each financial year.
4.	Audited Financial Statements	Yearly	30 th September, after end of financial year
5.	Submission / Dissemination of DP Tariff / Charges structure	Yearly	On or before 30 th April every year or as and when tariff structure is revised
6.	Compliance Officer Details	If new officer is appointed or any change in the office	Immediately
7.	Change of Registered office Address	In case of change of registered office address of the DP	Immediately
	Change of Operational office address	In case of change of operational office address of the DP	Immediately
	Change of Name of the DP	In case of change of name of the DP	Immediately
	Change in Directors	In case of change in	Immediately

		names of directors	
	Change in shareholding pattern	In case of change in shareholding pattern	Immediately
8	Compliance report for Internal audit/ Inspection	As and when received by the DP	The same is to be submitted within 30 days of the receipt.

2. Are there any other reporting requirements for a DP?

In addition to the above documents / reports which are to be submitted to the CDSL on periodic basis, every DP upon discovering any loss of securities to beneficial owner due to negligence or fraud on the part of its employees must forthwith inform the same to CDSL. The DP also must immediately upon discovering any loss of securities, instruments or documents relating to beneficial owners that may have come into its hands in the course of its business, notify the CDSL, the concerned Issuer or its RTA and BO in that behalf. Further, clause 16 of the agreement between CDSL and DP lays down the events which a DP should notify the CDSL immediately.

3) How can a stock broker DP monitor the limit prescribed by SEBI on the aggregate value of portfolio of securities (AVPS) held by its BOs?

SEBI has prescribed that a stock broker DP with a net worth of less than Rs. 10 crores shall ensure that the AVPS of the beneficial owners held through him shall not exceed 100 times of the net worth of the stock broker.

The CDSL monitors the aforementioned limit for its stock broker DPs on daily basis and intimates the stock broker DP when the multiple of its AVPS to its net worth crosses 75 times. The stock broker DP should then take necessary precautions and /or increase its net worth. When the multiple of AVPS to net worth crosses 90 times, the CDSL restrains such stock broker DP from opening new accounts till the time it brings the exposure below the required limit.

4) Who can conduct internal audit and/or concurrent audit of risk prone areas of the DPs?

The internal and /or concurrent audit of risk prone areas of the DPs should be conducted by an independent qualified Chartered Accountant or Company Secretary in practice. At least one person conducting the internal and /or concurrent audit of risk prone areas should be either BCCD certified/ NISM DOCE certified or should have participated in the training programme conducted by the CDSL. The report should contain a declaration to that effect.

A DP can appoint the same auditor firm for conducting internal audit and concurrent audit of risk prone areas.

5) Is there any specific format for the report on internal audit and

concurrent audit of risk prone areas?

The scope and areas to be covered by the internal and concurrent audit of risk prone areas are specified by the CDSL. Any amendments are informed to the DPs through communiqué. The DPs may instruct their auditors to follow the current format prescribed by the CDSL.

6) What are the salient features of the penalty structure of the CDSL?

The schedule of penalties, forming part of the Operating Instructions for the DPs, lays down the non-compliances for which penalty is levied. The penalty is imposed for the non-compliance observed irrespective of confirmation of compliance at a later date for the non-compliances specified under Chapter 11: Penalties Annexure 11.1 of DP operating Instructions.

7) Whether Power of Attorney (POA) copy needs to be notarized and stamped?

The POA must be duly stamped. Notarization thereof is left to the discretion of the DP. In case a copy of the POA document is submitted, the same should be certified as a "TRUE COPY" by the BO(s).

8) Is PAN mandatory for opening a demat account?

Yes. To open a demat account PAN is mandatory. Obtaining Pan Card details of all the holders is compulsory for all categories of demat account holder(s). PAN would be the sole identification number for all participants transacting in the securities market irrespective of the amount of transaction. Certain categories of BOs viz Custodian, Governor, President of India, Sikkim Resident, UN entities/Multilateral Agencies and Deceased Holder have been exempted from obtaining PAN.

9) Can DP freeze an account of the BO?

A DP can freeze an account of the BO in the following cases:

- The BO has given an instruction for the same, or
- Order from statutory / regulatory authority is received for freezing of an account.

10) Who sends the statement of account/transaction? Whether a DP can send the statement of account by email/electronic mode?

It is mandatory for the Main DP to print and dispatch transaction statements directly to the BOs. Live connected Branch DPs including service centers should not send transaction statements directly to the BOs. Main DP must maintain record of dispatch of statements to BOs. DPs can provide Statement of accounts in electronic mode, provided consent of the BO is obtained for the same. Such statements should be sent under digital signature (as governed under the Information Technology Act, 2000) of the DP Official.

11. Whether it is mandatory to send quarterly statement of account to the BOs in respect of demat accounts with no transactions and no security balances?

For accounts with zero balance and nil transactions during the year, the DPs shall send one physical statement of holding annually to such BOs and shall resume sending the transaction statement, as and when there is a transaction in the account.

12) What is the procedure to be followed in case of DIS booklet issued containing requisition slip does not have the pre-printed serial range number of the booklet of which it forms a part?

In case the DIS booklet issued by the DP does not contain the requisition slip or in case the BO has lost the requisition slip, a letter to that effect signed by all the holders shall be taken for issuance of fresh DIS booklets. In such case, one of the accountholder should personally come with such letter and with a valid proof of identity. DP should check the proof identity and keep the same on record and hand deliver the DIS booklet. In case the account holder cannot come in person, the DIS may be couriered / mailed to the correspondence address of the BO. The DP should maintain record of dispatch.

13) Whether ADHAR Card is accepted as proof of address?

Unique Identification Number (UID)/ Aadhar Card is accepted as proof of address.

14) Whether minor can nominate in his demat account?

Yes. Since the account of a minor is operated by his guardian, the guardian can nominate on behalf of the minor.

15) In case of Association of persons (AOP), can the demat account be opened in the name of Association?

No, the account cannot be opened in the name of Association. As per SEBI circular no. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 the account should be opened in the name of natural persons.

16) Whether account can be opened where First holder is NRI and second holder is Resident Indian or vice versa?

The DP can open the account where First holder is NRI and second holder is Resident Indian or vice versa. However, status of the account will be as per status of the first holder.

17) What should be the Bank account details in case of NRI – Repatriable account and NRI- Non repatriable account?

In case of NRI – Repatriable account the DP may accept NRE bank account details and for NRI- Non repatriable account NRO Bank account details. However, if the BO desires to give the bank account details of his resident account the same can also be accepted in case NRI- Non repatriable account.

18) Whether proof of address in the name of husband can be accepted as address proof for the wife and vice versa as the Second holder in the demat account?

Yes. Proof of address in the name of Spouse can be accepted as address proof for the husband or wife, as the case may be.

19) NRI BO wants to open NRI –Repatriable a/c and he/she wants his/her foreign address as correspondence & permanent address. Whether the same can be accepted or he/she needs to give the Indian address as the correspondence address?

NRI can give foreign address as correspondence & permanent address. SEBI vide its circular no. MIRSD/SE/Cir-21/2011 dated October 05, 2011 made it mandatory to obtain foreign address and its proof.

20) Whether Bank Certificate for address of the client can be accepted as address proof in case of NRI?

Yes. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

21) Whether the photocopy of the bank statement not attested by the bank but not accompanied by a copy of the cheque be accepted as a Proof of Address?

Yes. DP can accept the photocopy of Bank Statement not more than three months old as proof of address.

22) Whether the bank account details where the first holder in demat account is a second holder in the bank account can be accepted?

Yes. The DP may accept the same.

23) Demat account is in joint names and supporting documents like pass book copy are signed by only sole holder. Can we accept these documents for bank modification based on sole-holder signature on supporting documents?

Yes. In case of modification in bank account details supporting document may be self attested by the first holder. However, modification request should be signed by all the holders of demat account.

24) Can the DP charge the BO(s) for sending monthly as well as quarterly Statement of account/transaction statement?

The DP may charge the BOs for sending physical statement of account on monthly basis or as specified in O.I. 16.3. However, before revising /charging the BOs for sending statement of account, the DP should give 30 days' prior notice to the BOs and keep the copy of notice and proof of dispatch on record.

25) In calculation of multiple of AVPS to Net worth, the valuation of which securities are to be excluded ?

Valuation of securities held in accounts with following sub-types is excluded from the calculation of multiple of AVPS to Net worth of the DP.

Sub type	Description
1	Individual-Director
2	Individual-Directors Relatives
5	FI-Government Sponsored FI
6	FI-SFC
7	FI-Others
28	Bank-Foreign
29	Bank-Co-operative
30	Bank-Nationalized
31	Bank-Others
40	Individual-Promoters
41	Corporate Body-Promoter
48	NRI Repatriable – Promoter
49	NRI Non Repatriable – Promoter
50	HUF – Promoter
57	Corporate Body - OCB - Promoter
83	Corporate Body-Foreign body-Promoter
84	Individual Promoters Negative Nomination
89	Trust - Promoter
90	Foreign National Promoter

26) Whether demat account of Deaf and Dumb can be opened? What are the precautions to be taken for opening of such a demat account?

YES. DP should follow procedure as per Operating instructions 2.5. for 'DISABLED PERSON'.

27) (a) Can QFI avail Nomination facility?

A QFI who is an individual can avail nomination facility.

28) Whether PASSPORT / PAN can be accepted as proof of date of birth to open minor account?

As per the uniform KYC guidelines issued by SEBI on 5th October 2011, for opening an account with Depository participant for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate may be accepted as proof of date of birth .

29) Whether Gas Refill voucher/ Cash Memo / Bill not more than three months old can be accepted as address proof?

Yes. The DP can accept Gas Refill voucher/ Cash Memo / Bill not more than three months old as address proof.

30) While opening the Sole Proprietor demat account can Proprietorship Firm's bank details be accepted for bank proof?

Yes. The DP can accept the same.

31) A client is giving Rent/Lease Agreement as a proof of address, but it is not notarized by Notary Public. Whether the document is a valid proof of address?

As per SEBI circular MIRS/SE/cir-21/2011 dated 5.10.2011 (Refer comm.2675 dated 7.10.2011), **registered** Lease/Rent agreement can be accepted as proof of address. Hence, there is no requirement of Notarizing the same.

32) The demat account was opened in the year 2002. The BO wants to close the account having securities balance which is under FREEZE Status on account of non-receipt of PAN CARD. If BO gives a request for transferring the shares to some other Demat Account, can the request for transfer or closure of account be accepted?

In case of all accounts the DPs are required to obtain copy of PAN CARD after verifying it with the original. In case of accounts frozen for want of PAN CARD, the same can be unfrozen only after obtaining copy of PAN CARD and verifying it with original and with Income Tax website. The transaction in the account or closure request can be processed thereafter, on the receipt of appropriate instructions.

IV. INVESTOR AWARENESS PROGRAM

1. What is the duration of the Investor awareness Program (IAP) and the nature of this program?

It is a total two hours program which includes 90 minutes power point slides presentation followed by a 30 minutes question answer session.

2. What will be the language of the IAP?

Language of the IAP can be English / Hindi / Marathi / Gujarathi / and any other vernacular language.

3. What topics will be covered during IAP?

Topics to be covered are: Demat, IPO concepts, Online trading concepts, pay-in and pay-out procedure, auction, protection-responsibilities of investors, Selection of broker, contract note, T+2 mechanism, centralized KYC procedure, E-Insurance account, E-Voting, etc.

4. Any logistics required?

The CDSL will provide Laptop, Projector, screen in Mumbai. For other locations, the same to be provided by the DP and other associates in the IAP.

5. Will the CDSL distribute any brochures?

Yes. It will distribute Booklets on Demat to the participants.

6. Who will provide for Hall, sound system etc.?

The DP will provide a hall, chairs, sound system.

7. What expenses will be borne by the CDSL?

The CDSL will bear expenses of its officials travelling/lodging/boarding.

8. What way publicity will be done and who will arrange for it?

Pre and post event publicity will be done by the concerned DP by having tie up with a newspaper. DP has to provide its Logo and text matter to the newspaper for publishing in the News / advertisement (approx. 2 or 3 insertions). In addition, the DP may arrange more publicity by inserting hand bills in local newspaper, display of banners/hoarding, press notes in other local newspapers, message on local cable TV, etc.

9. What is the sponsorship fee payable to newspapers?

Sponsorship fee is payable by the DP to the newspaper in advance by demand draft. (This can be negotiated with concerned newspaper as it depends upon the location and differs from newspaper to newspaper).

10. Who will be the audience?

Program should be open to all and NOT only for the existing clients.

11. Will there be any time slot for the DP to speak about its products?

The DP will give 10 minutes presentation/speech about its services.

12. What facility the DP will get at the venue?

The DP will have a stall at the venue where brochures will be distributed. He will display banners on the stage as well as at the entrance along with the banners of newspaper.

13. Any other requirements?

DP should specifically mention that it is an educational program and no advice will be given during the program.

14. Who should I contact for more details about IAP?

1. Mr. Chandrashekhar Thakur (Head - Investor Education) on csthakur@cdslindia.com
Mobile number 9820389051.

2. Mr. Ajit Manjure - Manager – Business Development on ajitm@cdslindia.com.
Mobile number 9820674687.

III. SYSTEM ERROR MESSAGES

Most frequently displayed error messages while starting the CDSL system are explained in this document. Corrective actions to be taken for such errors are given below with each error message. If the problem continues even after taking the steps given below, please call CDSL help desk on (022) 2272-8642, 2272-8427, 2272-8624, 2272-8693, 2272-8639, 2272-1261 or 2272-2075. Emails may be sent to: helpdesk@cdslindia.com.

The messages have been categorized according to the software with which they are associated.

Contivity VPN software

1. What corrective action do I take when following error messages are displayed while starting contivity VPN software?

Carry out the steps mentioned for each of the message. If the problem is not resolved even after following the steps mentioned, contact the CDSL help desk.

“Remote host not responding”

Pl. Check that

- The network at your end is proper. You can check the same using ‘Ping’ Command from your PC to your default gateway IP.
- The “Destination address” is correct by double clicking on contivity icon on your work station and verifying the IP address displayed at the bottom of the screen.

“Switch log error”

Pl. Check that

1. Whether the username entered in the Contivity login is correct and the letters are in small case.
2. The password is entered correctly. If incorrect password is entered three times then the account is Automatically locked.

“Authentication failure error”

Incorrect password is entered three times. In such a case call CDSL helpdesk, i.e. the **CDAS Communication gateway server (CGS)**

2. What corrective action do I take when following error messages are displayed when I try to start the CGS?

If the CGS screen status is shown as “Offline”

1. Check whether you have started connectivity VPN software.
2. Through windows explorer Go to Q:\CGS folder. Double click on file ‘CST ports’ open it with ‘Notepad’ and change the last four digits in both lines with any one of the values in the range given below and save the file.
 - between 6000 to 6007
 - between 7008 to 7010
 - between 8000 to 8008
3. Delete the Q:\CGS\config folder. After performing the above steps start the CGS again.
4. Check to see if file in the CGS folder has been marked as ‘read only’. This can be ddone through windows explorer. If so change the same to “

If in the CGS screen the status is changing between ‘Online’ and ‘Failover’ then

1. Check whether the CGS has been started more than once. If so close all extra copies of the CGS.
2. If the problem still continues, Change the port in ‘CST port’ file as explained above.

Master Application (CDAS)

3. What corrective action do I take when following messages are displayed while starting the Master application?

“File Monitor Object Missing”

Double click on ‘My Computer’ icon on your screen and check If there is red cross on the mapped drive Q:\ then disconnect the mapping of Q:\ and do the mapping again.

“Could not load security information”

Check whether Q:\ is mapped properly as explained above.

“Could Not Connect to Gateway”

1. Ensure that the CGS is started.
2. Check whether IP Address displayed on the CGS screen and displayed by 'IPCONFIG' command is same.

“OLE server busy”

1. Press CTRL ALT AND DELETE keys together, click on 'Task Manager' in the window displayed, click on 'Processes', in the list displayed, click on 'Vedasl.exe' process and click on 'End Process'. Close the task manager and start the master again.
2. Restore the Backup of previous day or day before yesterday.

‘OLE link failed’

Check the size of file 'vedasl.exe' which is located in C:\winnt\system32 or c:\windows\system32 with the size of the same file stored in Q:\Misc folder. If the size does not match, copy file from the Q:\Misc folder to C:\winnt\system32 or c:\windows\system32 folder.

“Initializing file”

Check whether Vedas.ini file is present in the Q:\Exe folder.

Master stop at ‘Registering to CGS’

Close all applications, i.e., Master, CGS, Contivity. Change the port from Q:\CGS folder\CST ports as explained above and try again.

“Restart the Master”

Close all applications. Shut down your computer. Check the network connections as explained under contivity above. Restart your computer and try again.

“Master is started on other machine”

Check whether the master is started on another machine with same login.

Check whether Q:\Database folder is present.

“Overflow”

Delete all contents from Q:\Database folder and start the master.

“Disk or Network”

Check if Temp folder is present in the C:\, otherwise create a new temp folder.

Following error messages may be displayed while starting modules in the master application. Carry out the corrective actions provided. If the problem still continues, contact the CDSL helpdesk on the numbers mentioned above.

“Executables are missing”

This means some of the executable files (exe) from your Q:\Exe folder are missing. Restore the exe folder from your backup and start the master again.

“User Security Check Failed”

Contact CDSL helpdesk on numbers mentioned at the start of the chapter.

“Could not load Oracle Directory”

1. Check 'Orant' Folder Is Present in the C: Or D:
2. Check if the 'tnsnames.ora' file is present in C:\orant\network\admin.

BO Account opening module

"Could not process Ftp"

Start windows explorer. Double click on the Q:, Double click on CGS folder. Double click on file cgs.cfg and open the file in notepad. Check following Path is present.

EDITOR_PATH=C:\WINDOWS\system32\notepad.exe or

C:\WINNT\system32\notepad.exe

FTPEXEDIR = C:\WINDOWS\system32 or C:\WINNT\system32\notepad.exe

Contact CDSL helpdesk to correct any errors, if found.

While viewing summary statement

'Security error'

1. Reinstall the Dot Net Software.
2. Check the security of Dot Net in Administrative tool.

"Could not load report directory"

Check whether RPT folder and REPORTS folder are present in the Q:\. If they are not present then copy it from latest backup of Q.

"Item not found"

Using Database Administration module, delete the printer settings and reset those setting with proper syntax.

BO UPLOAD Module

"Type Mismatch"

Copy the Bosign.exe file from Q:\Exe folder and paste it in the C:\winnt\system32 or c:\windows\system32, folder. Then restart the PC.

If in the Modules of the master application "Security File is missing " message is displayed:

Copy Signinq.dll from Q:\Misc folder to C:\Winnt\System32 or C:\Windows\System32 folder, and register it by going in command prompt and entering following commands-

- cd winnt (enter)
- cd system32(enter)
- regsvr32 Signinq.dll(enter)

"Common language debugged"

Check the security by double clicking on the 'enable CDAS' icon on your Desktop and give the full trust to each and every option in Enable CDAS icon or reinstall Dot Net.