



Recent Developments Related to Demat Account

From The Editor's Desk

Dear Reader,

With the rising participation of retail investors in India's securities market, SEBI along with market infrastructure institutions is keeping pace with necessary reforms to protect investor's interest. Past few months have seen a meteoric rise in the use of digital services by common retail investors throughout the country. More people than ever before have understood the need to keep a better control over their financial assets when it comes to investing.

Keeping in sync with the need, the market regulator has taken several steps to make sure that all necessary services can be provided in a safe and secured way at the investor's fingertip. Apart from this, several anticipative measures have been taken to foolproof the environment. We believe these steps will go a long way to not only strengthen the faith shown by investors towards the securities market but also eliminate any fears from those who are looking to start their journey of wealth creation.

In this edition of 'The Financial Kaleidoscope' we shed light on all important updates regarding demat account that investors must be aware of and take

action wherever required before the deadline approaches.

We trust that you will find this newsletter useful and request you to share it with your friends, colleagues and anyone else who might be interested. We also invite you to participate in the 'Knowledge Wins Contest' and your share feedback and suggestions at the link given later in this newsletter.

NSDL is now present on [Twitter](#), [Facebook](#) and [LinkedIn](#). We believe this will help us to reach out investor community even better.

We also wish to share that recording of NSDL webinars is now available in NSDL Investor Education channel on [YouTube](#). So, if you have missed out to attend any webinar of your choice, you may now see full recording at your convenience.

We wish all our readers a very happy and prosperous new year ahead.

Regards,
NSDL – Your Depository

OTP Authentication is Mandatory to Execute Off Market Transfers!

SEBI has made One Time Password (OTP) authentication mandatory for all Off Market transfers. Depositories are required to obtain client's consent through OTP for all off market transfer of securities from clients' demat account, with effect from November 1, 2020.

What is an Off Market Transfer?

In simple words, off-market transfer is a way of transferring shares directly between two parties without the involvement of stock exchange or clearing corporation.

In other words, if you wish to transfer some or all shares held in your demat account to demat account of someone who is not your stock broker, it is called an off-market transfer. It may or may not involve consideration.

How was it done earlier?

Earlier, you could submit a Delivery Instruction Slip (DIS) duly filled and signed at your DP's office or electronic Delivery Instruction Slip (e-DIS) and DP would transfer the shares mentioned in the DIS, provided all required details are provided.

What has changed?

- For off-market transfers with execution date of November 1, 2020 onwards, the off-market transfer instructions will be processed after taking consent from the transferor client by way of OTP confirmation.
- On the execution date of off market transfer instruction, a link would be generated and sent by NSDL on mobile number and e-mail ID as

registered in the demat account of the client.

- On clicking the link, client will be redirected to a web page where, after authentication, client will see details of off-market transfer instructions which are pending for confirmation.
- If the details seen are correct, client may proceed with the instruction by generating OTP.
- OTP will be sent to client's mobile number which is registered in the demat account.
- On OTP confirmation, Off Market Transfer instruction(s) as selected by the client will be processed, subject to payment of stamp duty, as applicable.

It is extremely important for clients to ensure that correct mobile number and email ID are registered in the demat account. Clients must contact their DP immediately in case there is any change in the same.

Option to block securities in demat accounts for sale transactions

SEBI has come up with a mechanism that whenever a client intends to sell, shares will be blocked in his/her demat account in favour of Clearing Corporation (CC). This mechanism is effective from August 1, 2021. If sell transaction is not executed, shares will continue to remain in the client's demat account and will be unblocked at the end of T Day. Thus, this mechanism does away with the movement of shares from client's demat account for early payin and back to client's demat account if trade is not executed.

The securities lying in client's demat account will be blocked either by client himself using depository's online system or e-DIS mandate or through depository participant based on physical

DIS given by client or Power of Attorney holder. Depositories may keep block on the securities in client's demat account till payin day. The blocked securities will be transferred only after checking against the client level net delivery obligation received from Clearing Corporation (CC). CC will match the client level net obligations with the Block details provided by depositories. CC will provide Early Payin (EPI) benefit to client if the client level net obligation exists. In case of matched orders, block securities will be debited from Client's demat account and will be credited to linked TM (Trading Member) Pool account up to pay-in day. TM shall further transfer such securities to CM Pool account.

In case of unmatched orders, CCs shall upload cancellation of block instruction on T Day so that securities are unblocked and become free in client's demat account on T Day itself. Broker or client shall not be allowed to unblock securities if EPI benefit is provided by CC to client for the same.

Margining of Trades:

When the client intends to block securities for a sale transaction, shares will remain blocked in favour of CC. If securities are blocked in favour of CC, then all margins will deemed to have been collected and penalty for short / non-collection of margin including other margins shall not arise.

Blocking will be on 'time basis' and would mean if the order is not executed by the end of the T Day, the block shall be released. The facility of block mechanism is on optional basis and Early Payin mechanism shall also continue.

Mandatory Update KYC Information

From August 1, 2021, all clients must provide following information at the time of account opening:

1. Valid mobile number
2. Valid email ID
3. Income range

All existing clients should also verify their KYC information and update if required, on or before March 31, 2021.

• Mobile Number and e-mail ID verification:

1. Depository will send SMS and email to the account holder on the mobile number and email ID recorded in the demat account.
2. Client will need to verify email ID and mobile number by clicking the link received.
3. Accounts where the mobile number or email ID cannot be verified shall be considered as non-complaint accounts.

• PAN – Aadhaar linking

The requirement of mandatory submission of PAN by clients for transactions in the securities market continues. In case PAN is not seeded with Aadhaar before March 31, 2022, it will not be considered as a valid PAN. You may visit <https://eportal.incometax.gov.in/iec/foservices/#/pre-login/bl-link-aadhaar> to understand how to link Aadhaar with PAN.

Nomination

With effect from October 1, 2021, at the time of opening demat and trading account investor must either provide the details of nominee or expressly declare that he / she does not want to provide nominee.

Further, all existing eligible trading and demat account holders will have to provide details of nominee or declaration for opting out of nomination by March 31, 2022. Failing this, trading and demat accounts will be frozen.

Nomination is not mandatory but recommended. It helps loved ones to claim the securities available in the demat account upon death of the account holder.

Nominee details should be given at the time of account opening. These details can be changed any time later by the account holder. Information about nominees can be given to DP in a prescribed format or may be provided online also.

How to add nominee online:

1. Please check with your DP if this service is available or not.
2. Make sure your Aadhaar is linked to your mobile number to receive the OTP and eSign.
3. Visit the website or mobile app of your DP and log in to your account and click on the nomination section.
4. Add nominee details.
5. Add/Upload proof of identity of nominee.
6. Verify with OTP received on your mobile number to complete e-sign.

Online Closure of Demat Accounts

Online closure of demat accounts is made available for clients who have opened their accounts offline or online, by the DPs that provide various Depository related services in online mode. Those DPs which do not provide any services online and do not open accounts online may not be required to offer online closure of demat accounts.

Accounts with balances:

Closure for such demat account can be done only through web portal / app of DP after the client logs in through their credentials. The request for account closure should include target account details where the client intends to shift the balance securities.

- If the DP is not able to verify the target demat account details directly from the Depository electronically:

In this case client would have to upload his / her

signature along with Client Master Report (CMR) of the target account digitally signed by official of the target DP. Then client will be required to e-sign the form along with the documents.

- In case the target account of the client specified in the account closure form is not its own account i.e. source and target accounts have different PAN:

In such a case it will be necessary to submit an off-market transfer instruction delivery instruction slip for execution of such transfers along with the requirement of entering OTP provided by the Depository.

Accounts without balances:

In this case, account can be closed by the DP on the basis of email received from the registered email ID of the demat account holder. Once the application for closure of demat account is received, the DP will intimate the client on registered email ID and / or mobile number (on both if available) about the receipt of closure request. A confirmation regarding the request made will be sought from the client by way of OTP sent on the email ID and / or mobile number registered in the source account (to be closed account).

After the closure of demat account by the DP, the same shall be intimated to the client through electronic mode enclosing the CMR and Transaction cum Holding Statement of the closed account.

e-Voting Simplification

What is e-Voting?

It is system where members/shareholders can vote electronically on resolutions of companies requiring their consent. The need for e-Voting arises when a company wishes to pass a resolution by Postal Ballot or in AGM / EGM.

Voting on key resolutions that affect the performance of a company is a right of shareholders.

So what has changed?

In a move to simplify e-voting facility for shareholders of listed entities and increase participation of non-institutional public shareholders / retail shareholders, SEBI decided to enable e-voting by way of a single login. There are multiple e-voting service providers (ESPs) providing e-voting facility in India. Under the revised process, shareholders are able to cast their vote without having to register with different ESPs.

NSDL has developed an internet based 'e-Voting' platform in accordance with directions from Ministry of Corporate Affairs. It enables shareholders to cast their vote on various resolutions proposed by the companies on anytime, anywhere basis while voting cycle is on. You can enjoy this facility even if you are holding shares in physical form. It is completely free for all shareholders.

How to use NSDL e-Voting service?

No prior registration is required for using NSDL e-Voting. When the company where you hold shares, decides to undertake e-Voting, it intimates you about the User ID and Access Password to use the e-Voting facility. Company also informs about the timelines during which the e-Voting can be done. You may access e-Voting through any of following ways -

1. Using online portal <https://www.evoting.nsdl.com>.
2. Using NSDL Mobile App.
3. Using NSDL IDeAS or SPEED-e service.
4. Tablet-based e-voting at the meeting venue.

e-DIS

With NSDL e-DIS, you may give your consent for debit of securities from your demat account in favour

of your clearing member (stock broker) to meet your payin obligations. This eliminates the need to give a Power of Attorney to your broker, as described below -

1. Place a sell order from the trading account / broking portal.
2. You will be re-directed to NSDL e-DIS Portal for submission of mandate.
3. Set MPIN of your choice.
4. Enter the OTP received at your registered mobile number / email address.
5. An auto-filled NSDL electronic instruction page will open for submission of mandate.
6. View and confirm the mandate by entering the OTP sent to your registered mobile number / email address.
7. Enter OTP and complete the transaction.

NSDL Mobile App: NSDL Speede

NSDL Mobile App is completely FREE for all NSDL demat account holders. It has many uses -

- You can keep track of all transactions happening in demat account from anywhere, anytime.
- You can view balances of different securities and value of the holdings based on the previous closing price.
- You can cast your vote on the resolutions put up by companies in which you hold shares.
- Confirm electronic instruction generated by your broker (as your Power of Attorney holder) on your behalf.
- Register for IDeAS (Internet-based Demat Account Statement) facility.



NSDL Celebrates 25 Years of Driving Digital Capital Markets in India

In November 2021, NSDL completed 25 years of providing uninterrupted depository services to investors and other stakeholders. Operational since November 1996, NSDL now services more than 2.50 crore investor accounts through Participants from over 36,100 service centers spread across India and abroad.

On this celebratory occasion of 25 years completion, NSDL thanks all investors, business partners, issuer companies and all those who have been a part of this remarkable journey.

NSDL Celebrates Achieving USD 4 Trillion in Value of Assets in Demat Form

In October 2021, NSDL crossed a historic milestone of ₹300 lakh crore (US \$ 4 Trillion) in the value of assets held in demat accounts. Market share of NSDL in value of demat assets is more than 89%. This clearly indicates the trust shown by investors in NSDL.

Roadmap for Introduction Of T+1 Rolling Settlement Cycle in Equity Market

SEBI on September 07, 2021, permitted stock exchanges to introduce T+1 settlement cycle on any of the securities available in the equity segment. Market Infrastructure Institutions like stock exchanges, clearing corporations and depositories have finalized the roadmap for the implementation of T+1 settlement cycle. Accordingly, T+1 settlement cycle will be implemented in a phased manner and the first list of securities with T+1 settlement cycle will begin from trade date starting from February 25, 2022.

Mandatory update of KYC

As directed by SEBI, the timeline for verification of 6 KYC attributes for existing clients has been extended to March 31, 2022. Clients are advised to contact their DP and make sure that their account is compliant. It is important to note that linking Aadhaar and PAN is also mandatory.

Reference: [Circular](#) No. [NSDL/POLICY/2021/0132](#) dated December 31, 2021 available on NSDL website.



India International Trade Fair 2021 held from November 14 – 27, 2021



Join Our Investor Awareness Programs

NSDL conducts Investor Awareness Programs (IAPs) throughout the country to ensure investors are aware of different aspects of investing. These programs are conducted on different topics of interest to investors and in different languages.

The schedule of the forthcoming programs/webinars is published online at <https://nsdl.co.in/Investor-Awareness-Programmes.php>.

Prior registration is required for joining the program / webinar. Link for registration is available along with schedule.

We shall be happy to conduct program / webinar for your organization / institute / society. Please write to us at info@nsdl.co.in for such requests.

Sr. No.	Date	Timing	Topic	Language
1	13-Jan-22	04.00 p.m. - 05.30 p.m.	Investment in Real Estate Investment Trust (REIT)	English
2	14-Jan-22	04.00 p.m. - 05.00 p.m.	Market Outlook and Top Picks for 2022	English
3	14-Jan-22	05.30 p.m. - 07.00 p.m.	Basics of Insurance	English
4	20-Jan-22	04.00 p.m. - 05.30 p.m.	Introduction to Securities Market	Hindi
5	21-Jan-22	05.30 p.m. - 07.00 p.m.	Margin Requirements and Margin Trading	English
6	27-Jan-22	04.00 p.m. - 05.30 p.m.	Basics of Insurance	Hindi
7	28-Jan-22	04.00 p.m. - 05.00 p.m.	Interpreting Technical Trends and Chart Patterns	English
8	28-Jan-22	05.30 p.m. - 07.00 p.m.	Margin Requirements and Margin Trading	Hindi

More the education, more the prudence

Knowledge Wins Contest

What Is The Last Date For Mandatory Update Of KYC Information?

To send your replies: visit/click www.nsdl.co.in/knowledge-win-contest.php
or
Scan this QR code



25 Lucky Winners
get
FREE GIFTS



Previous Month's Winners

Ajit Thomas - Thrissur
Ankit Jadhav - Pune
Avinash R. - Mumbai
Bhaves Rustagi - Delhi
Bhawik Maroti - Howrah
Preeti Rathi - Surat
Dhandapani J. - Chennai
Dhruv Soni - Ahmedabad
Lalit Lohar - Pratapgarh

Mathew Joseph - Kottayam
Sandip More - Sangli
Ganesh Gadak - Nasik
Mohammad H. - Kolkata
Nagraj K. - Bellary
Manoj Kella - Udaipur
Parag Parikh - Ahmedabad
Bhaves Niranjani - Amreli
Preeti Rathi - Surat

Ankit Kahar - Mumbai
Sanjay V. - Mumbai
Sunil Vora - Vadodara
Shuba R. - Mumbai
Shweta K. - Hyderabad
Tushar G. - Guwahati
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Published by Mr. Prashant Vagal (Editor) on behalf of National Securities Depository Limited Investor Education Fund Trust.
Printed at Printography Systems India Private Limited, (Mumbai).

