

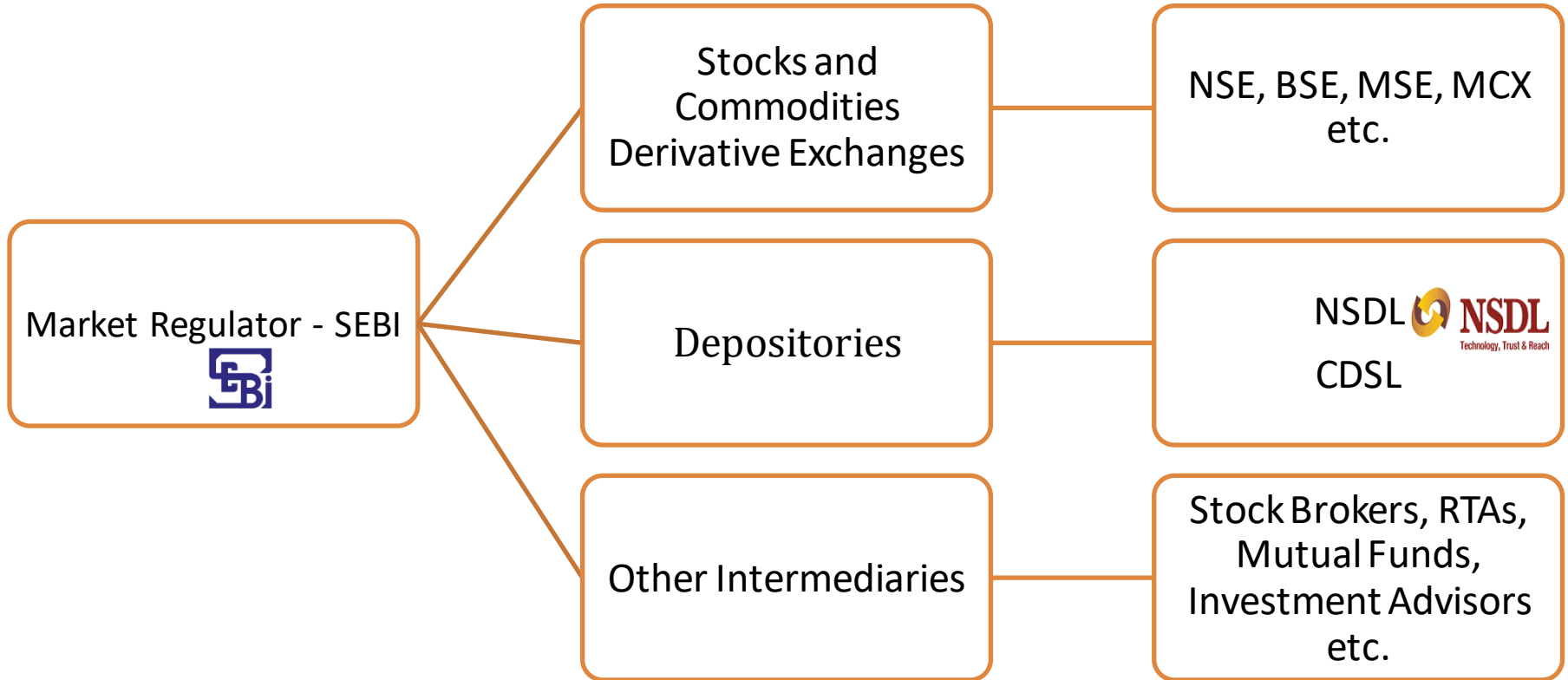


Be A Prudent Investor



Demat Account and Power of Attorney

Indian Securities Market



Starting Investment in Securities Market

Accounts Required



Bank Account



Trading or Broking Account



Demat Account

- ✓ Many DPs offer a 3-in-1 account facility which gives you the convenience of opening a trading, demat and bank account – all together.
- ✓ Now some DPs are now offering online demat account opening.
- ✓ Trading or Broking account is required only if you want to buy / sell shares etc. through stock exchange.

About NSDL



Established in 1996, First
Depository in India



One of The World's Largest
Depository



Wide Network of
Depository Participants
Across The Country

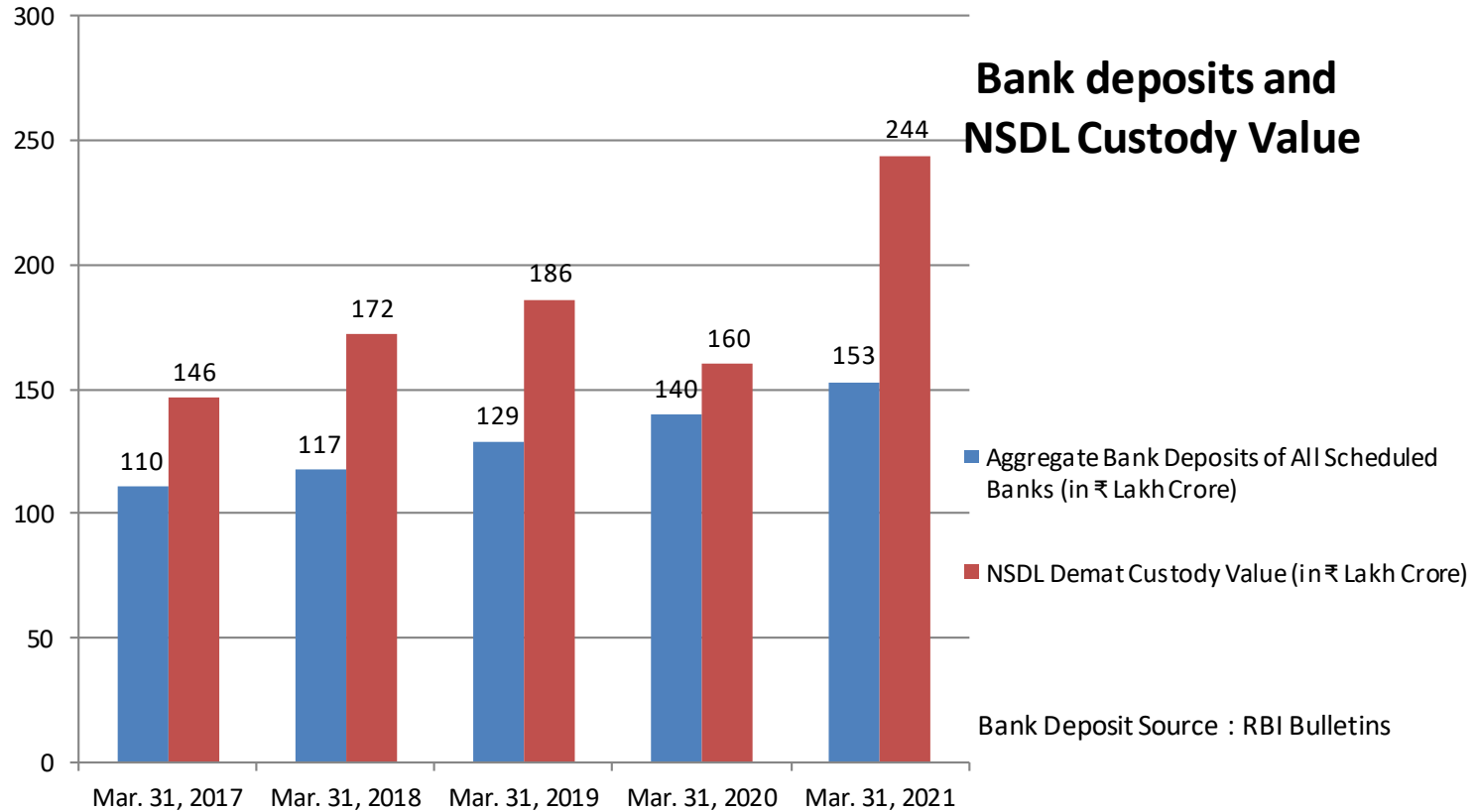
NSDL's Progress



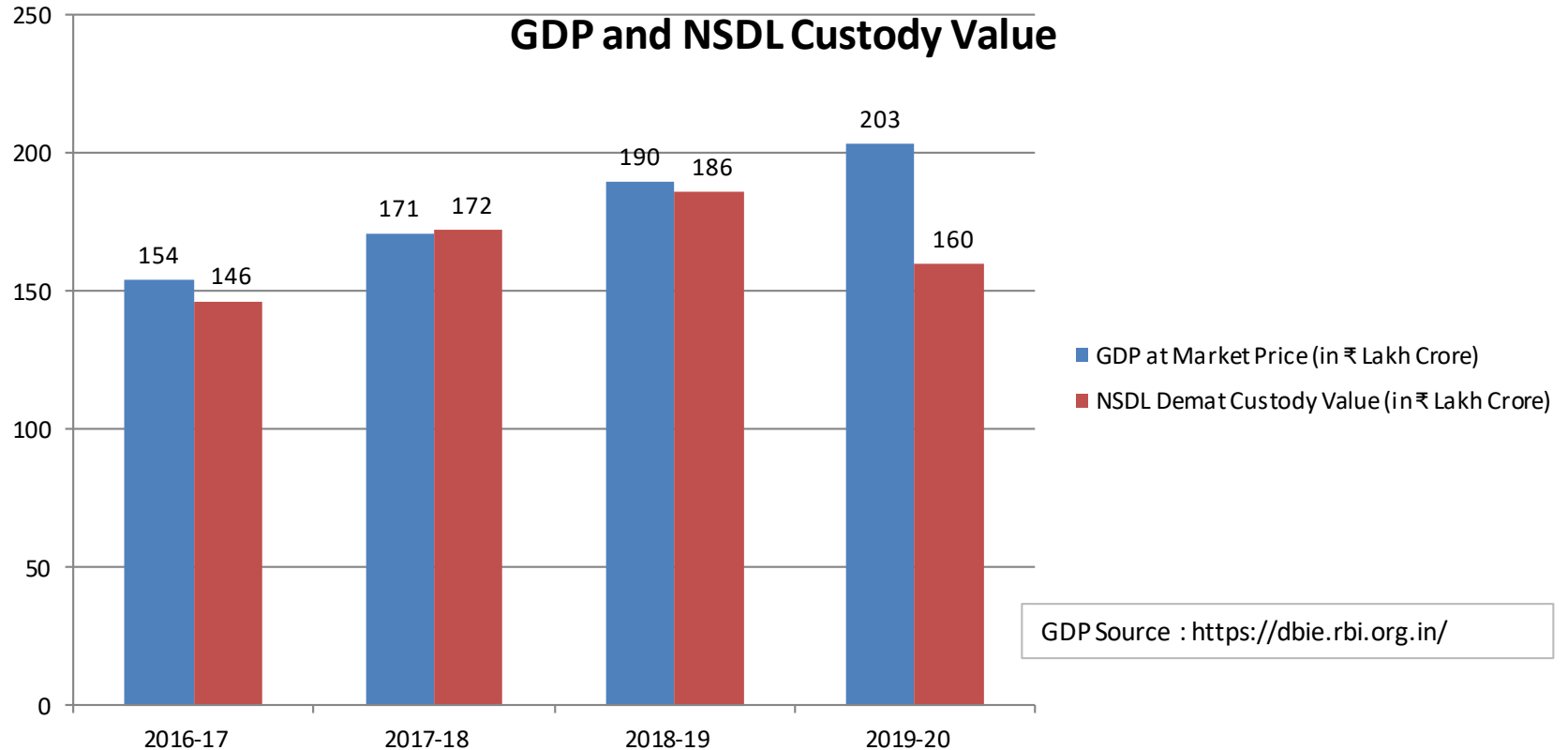
Custody Value in ₹ Lakh Crore

Total value of all assets held in all NSDL demat accounts

NSDL's Progress

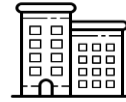


NSDL's Progress



NSDL Depository System

Issuer Company / RTA



NSE Clearing Limited
Indian Clearing Corporation Limited
(Clearing Corporations)

CDSL

DP 1



Stock Broker /
Trading Member 1

Investor 1

DP 2

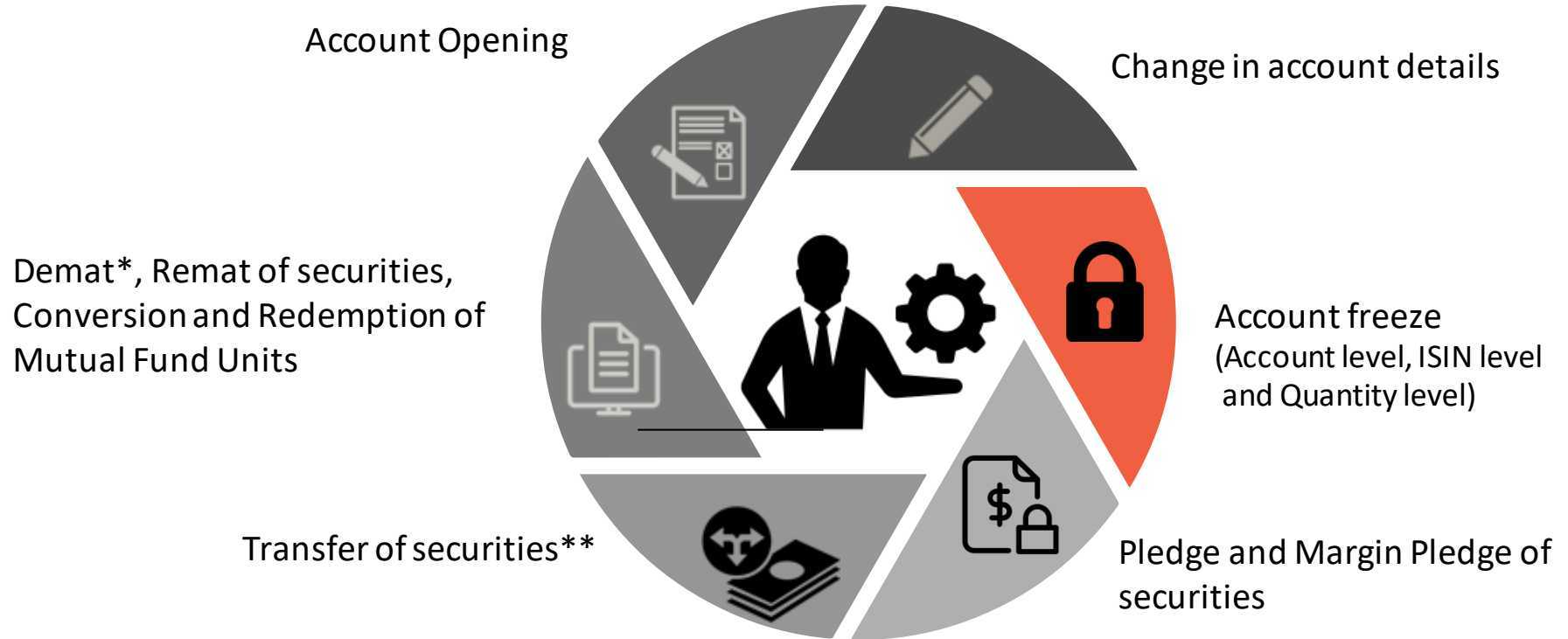


Investor 2

Stock Broker /
Clearing Member 2



Services offered by Depository Participant



*Even unlisted shares can be dematerialized. **Transfer of securities held in physical form not allowed w. e. f. April 1, 2019. Re-lodgement of transfer deeds which were submitted prior to this, but were rejected or returned, was allowed till March 31, 2021. Shares pending for transfer with listed company / its RTA shall be issued only in demat.

NSDLs Investor Centric e-Services

- NSDL's internet facility to enable users to submit various instructions online, including Margin Pledge
- You may register at www.nsdl.co.in

Facility for shareholders to vote electronically on resolution of companies, Anytime, Anywhere



- View transactions, holdings along with valuation
- Subscribe to CAS
- Update email ID for CAS
- View and download 12 past CAS
- Participate in e-Voting

- View holdings along with valuations
- Participate in e-Voting
- Confirmation of e-DIS
- Register for IDeAS

*Free for all demat account holders

What is Power of Attorney?

1. It is a legal instrument to delegate authority to other person to do something what he/she can do himself / herself. PoA is generally used for the purpose of convenience.
2. Can be given to any person or entity for specified or general purposes. Donee can act on behalf of the donor as specified in the PoA document.
3. Can be revoked by the donor anytime, as per method specified in it.
4. In capital market, PoA is primarily given by investors to their stock brokers to facilitate the process of settlement of trades.



Need of PoA in favour of Stock Broker

1. When you sell, you need to give shares to your broker so that he / she can deliver the same to clearing corporation.
2. As the shares are held in your demat account, you need to arrange to transfer shares from your demat account to your broker's demat account.
3. This transfer can be done in multiple ways –
 - i. Submission of Physical DIS by account holder to DP
 - ii. Submission of Physical DIS by broker as holder of Power of Attorney to DP
 - iii. Submission of electronic instruction by account holder through NSDL SPEED-e
 - iv. Submission of electronic instruction by broker as holder of Power of Attorney through NSDL SPICE
 - v. Submission of instruction by account holder to DP using e-DIS

PoA for Demat Account - SEBI's Guidelines

The POA executed by client in favour of stock broker should be limited to the following:

Related to Securities

1. Transfer of securities held in demat account(s) of the client(s) towards stock exchange related margin / delivery obligations arising out of trades executed by the Client(s) on the stock exchange through the same stock broker.
2. For pledging / re-pledging of securities in favour of TM / CM for margin purposes.
3. To apply for (or redemption of) various products like Mutual Funds, Public Issues, rights, offer of shares, tendering shares in open offers etc. pursuant to the instructions of the Client(s).

PoA for Demat Account - SEBI's Guidelines

The POA executed by client in favour of stock broker should be limited to the following:

Related to Funds

1. For recovering any outstanding amount due from the client(s) arising out of clients trading activities on the stock exchanges through the same stock broker.
2. For meeting the settlement obligations of the client(s)/ margin requirements of the client(s) in connection with the trades executed by the clients on the stock exchange through the same stock broker.
3. For meeting obligations arising out of the client subscribing to such other products/facilities/services through the stock broker like Mutual Funds, Public Issues etc.
4. Towards monies/fees/charges, etc. due to the stock broker payable by virtue of the client using/subscribing to any of the facilities/services availed by the Client at his/her instance.

PoA for Demat Account - SEBI's Guidelines



1. Giving PoA in respect of demat account is optional. Except where client wishes to avail internet based trading facility, giving PoA is at the choice of the demat account holder(s).
2. No stock broker or depository participant shall deny services to the client if the client refuses to execute a PoA in their favour.
3. PoA should identify the client's demat account(s) and bank account(s) of the client(s) that the stock broker is entitled to operate.
4. PoA should provide the list of clients' & brokers' bank accounts and demat accounts where funds and securities can be moved. Such bank and demat accounts should be accounts of related party only.
5. PoA should be executed in the name of the concerned SEBI registered entity only and not in the name of any employee or representative of the Stock Broker/Depository Participant.

PoA for Demat Account - SEBI's Guidelines



6. PoA should be executed and stamped as per the rules / law prevailing in the place where the PoA is executed or the place where the PoA is kept as a record, as applicable.
7. PoA should contain a clause by which the stock broker would return to the client(s), the securities or fund that may have been received by it erroneously or those securities or fund that it was not entitled to receive from the client(s).
8. PoA should be revocable at any time, without notice.
9. PoA should be executed by all the joint holders (in case of a demat account held jointly).
10. PoA should authorize the stock broker to send consolidated summary of Client's scrip-wise buy and sell positions taken with average rates to the client by way of SMS / email on a daily basis.

PoA for Demat Account - SEBI's Guidelines



The POA executed by client in favour of stock broker should NOT facilitate stock broker to do the following:

1. Transfer of securities for off market trades.
2. Transfer of funds from the bank account(s) of the Clients for trades executed by the clients through another stock broker.
3. Open a broking or trading account / demat account.
4. Execute trades without the client(s) consent.

PoA for Demat Account - SEBI's Guidelines



The POA executed by client in favour of stock broker should **NOT** facilitate stock broker to do the following:

5. Prohibit issue of Delivery Instruction Slip to client.
6. Prohibit client(s) from operating the demat account.
7. Merge balances (dues) under various accounts to nullify debit in any other account.
8. Open an email ID/ email account on behalf of the client(s) for receiving statement of transactions, bills, contract notes etc. from stock broker / Depository Participant.
9. Renounce liability for any loss or claim arising on account of error on part of stock broker
10. PoA should not provide the authority to transfer the rights in favour of any assignees of the Stock Broker/Depository Participant.

Safeguards for Demat Account with PoA to Broker



1. Satisfy yourself that you really need to give PoA. If you really need to give, ensure that it is drafted as per SEBI's guidelines.
2. Obtain a duplicate / certified true copy of the PoA after execution.
3. Register your email ID and mobile number in your bank account, trading account and demat account. Keep them updated always.
4. Check SMS and email alerts sent by bank, stock broker, stock exchange and depository daily.
5. Revoke the PoA if you do not need it.

Safeguards for Demat Account with PoA to Broker

6. Check your Consolidated Account Statement (CAS), Contract Note and Trading Account Ledger regularly.
7. Contact broker / exchange / depository if you do not get the above or find any error therein.
8. Consider splitting your portfolio in more than one demat accounts. Keep your long term investments in a separate demat account and do not link the PoA to this account.
9. Consider using Freeze facility in your demat account. You may opt for ISIN / Quantity level freeze as per your needs.
10. In case of merger/ demerger of the Stock Broker/DP with another entity, you should get one month prior intimation about the corporate restructuring. You may decide to continue or discontinue with the broker.



SPEED-e – A Powerful Alternate to DIS and PoA



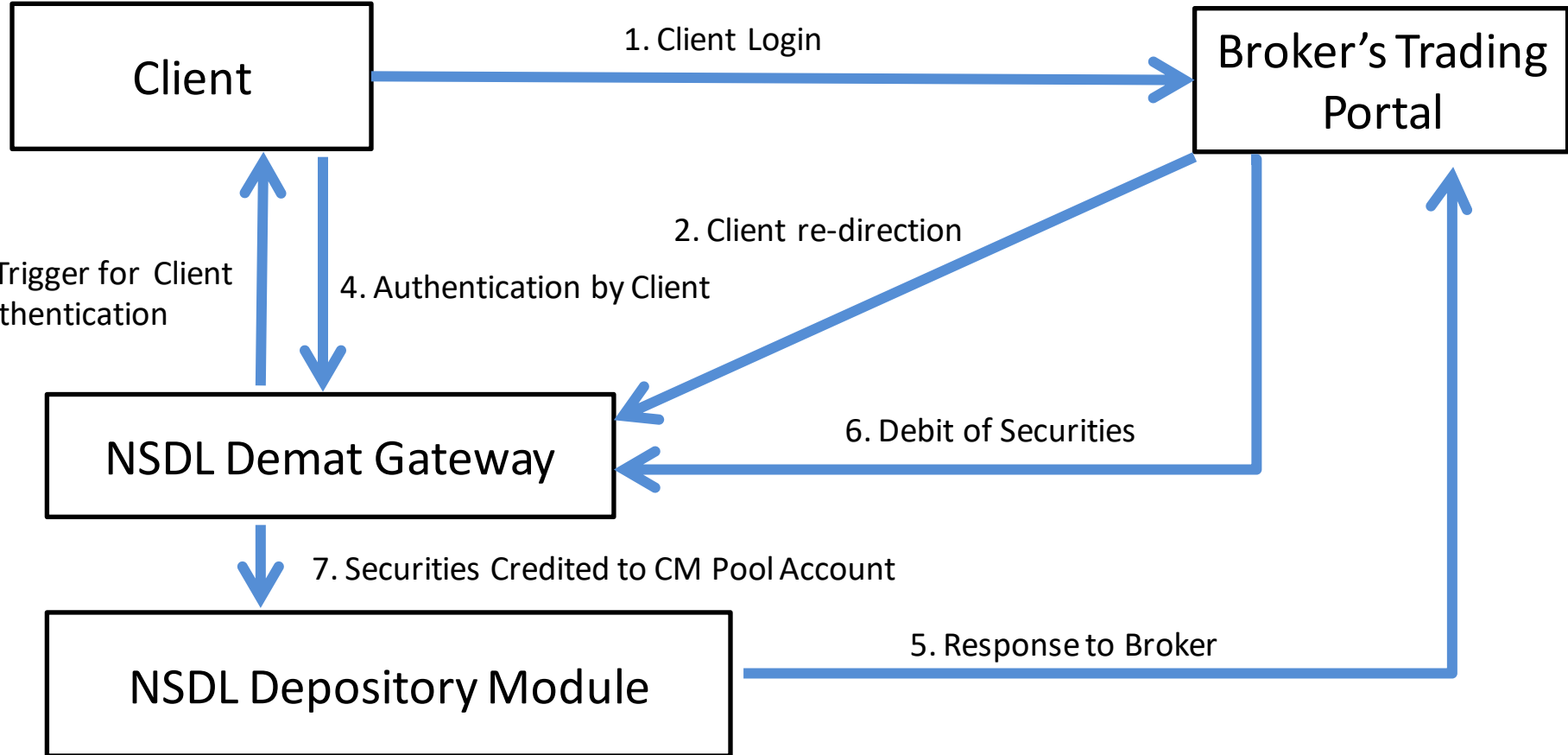
1. SPEED-e is a powerful and effective alternate to paper based DIS and PoA.
2. Its an internet based facility which enables demat account holders to submit instruction to DP electronically.
3. Most NSDL DPs offer SPEED-e facility to their demat account holders (list available on NSDL website).
4. Clients having singly held demat account can register for SPEED-e facility online at NSDL website. Joint holders can submit registration request in prescriber format to their DP in paper form.
5. SPEED-e can be accessed using login ID and password or electronic token. e-token based access provides more functional options to users.

NSDL e-DIS – Demat Gateway

Salient features of e-DIS -

1. e-DIS facility can be used by any NSDL demat account holder
2. No need to give POA to stock broker
3. Secured communication between broker's portal and NSDL system
4. Securities can be moved to broker's pool account only towards obligation for sell transaction
5. Off Market transactions are not permitted through e-DIS

e-DIS Process



Be a Prudent Investor




Keep record of documents signed, account statements, contract notes received and payments made. Save important emails and take periodic back up of data.

Change password of your online accounts frequently. Never share OTP and PIN with any one.

Read SMS, emails, letters, statements, bills sent by your broker, bank, DP and NSDL. These are sent to you to keep you updated.

Accept the DIS only if serial number is pre printed and Client ID is pre stamped or pre printed. Keep DIS in safe custody.

Be a Prudent Investor



Inform your DP about any change in your Personal Information such as address, bank account immediately.

Always mention your Mobile Number and email ID in account opening form and keep them updated.

Do not act on Unsolicited SMS and emails providing Tips, stock recommendations, assured returns etc.

NSDL publications and presentations are available in Hindi, English and other languages at www.nsdل.co.in → Education

Schedule of Awareness Programs, Registration and Feedback facilities are available at www.nsdل.co.in.

NSDL Newsletter for Investors



The Financial Kaleidoscope – Free monthly newsletter in हिंदी Hindi and English



The Financial
Kaleid  scope
Defining the different shapes of investment

February
2021

Understanding
Tax Saving
Instruments

www.nsd.co.in

Education

Newsletter – The
Financial
Kaleidoscope

Grievances Redressal

1. Lodge your complaint with SEBI at www.scores.gov.in/ or SEBI Mobile App
2. SEBI Toll free helpline - 18002667575 / 1800227575
3. NSDL Toll Free helpline - 18001020990 / 1800224430
4. Online submission of Grievances at www.nsd.co.in → Query Now
5. NSDL email for grievance - relations@nsdl.co.in
6. NSDL email for other information - info@nsdl.co.in





THANK YOU

We welcome your feedback and suggestions about this program at www.nsd1.co.in/
info@nsdl.co.in.

