

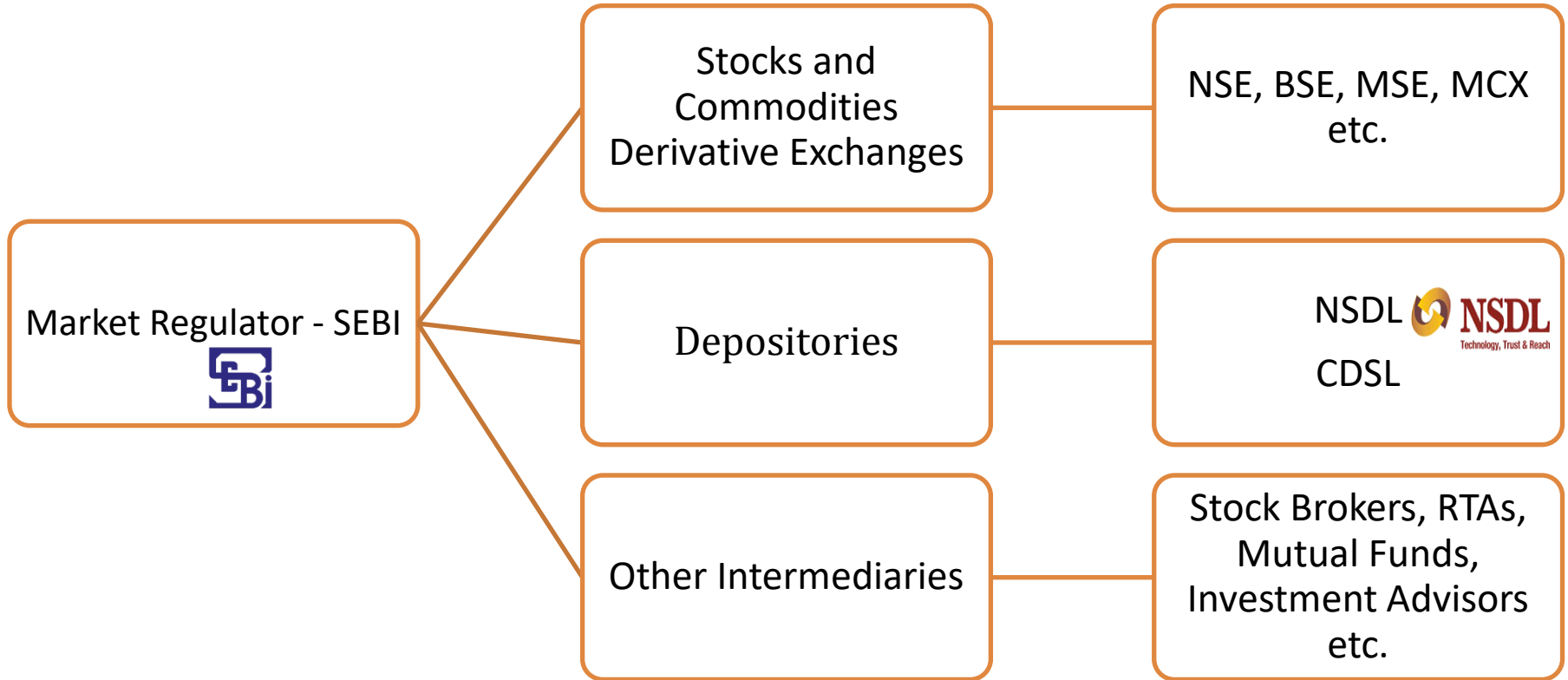


Be A Prudent Investor



## Stamp Duty and Margin Pledge

# 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



Dec - 2010  
67.56



Dec - 2015  
119.30



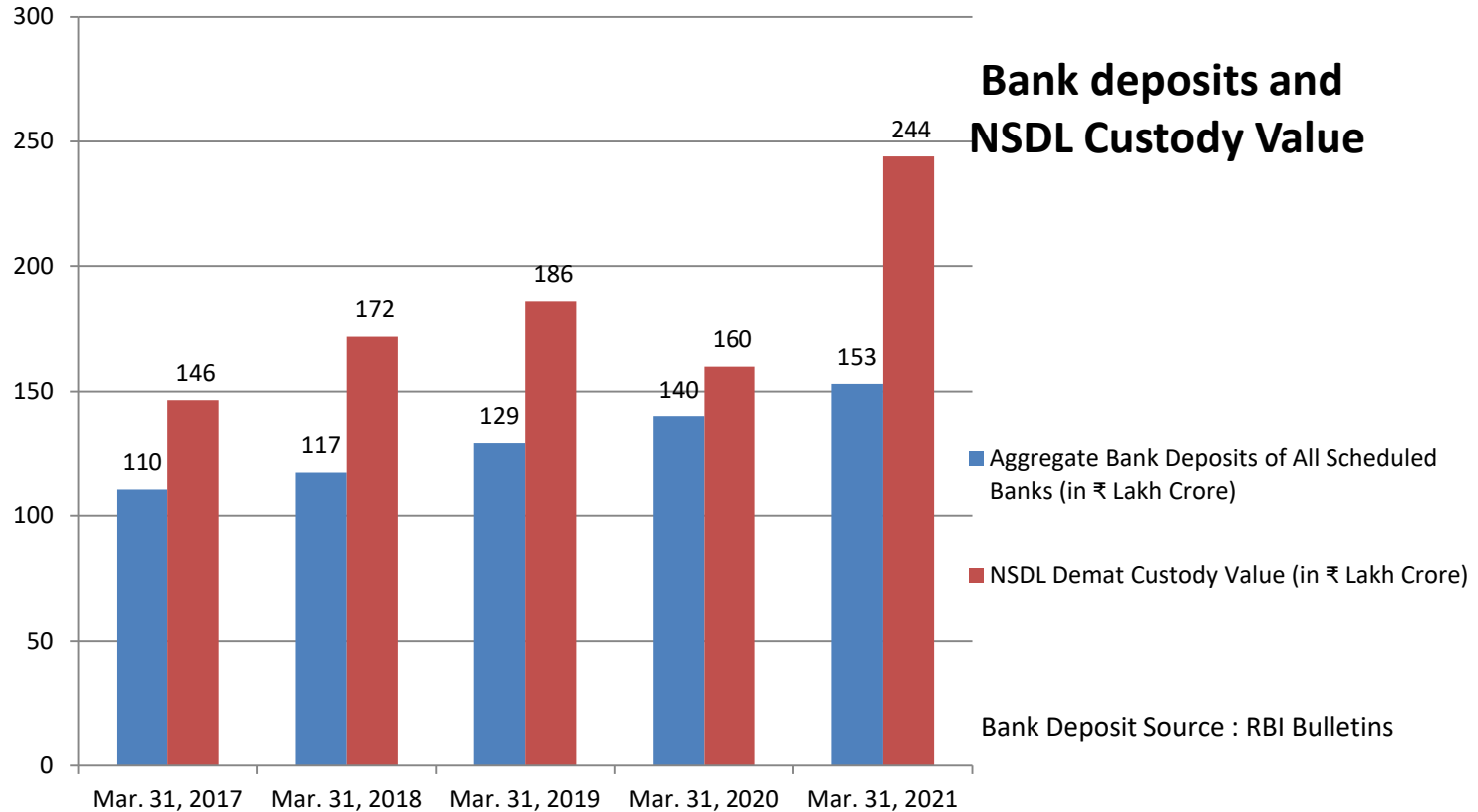
Dec - 2020  
227.51



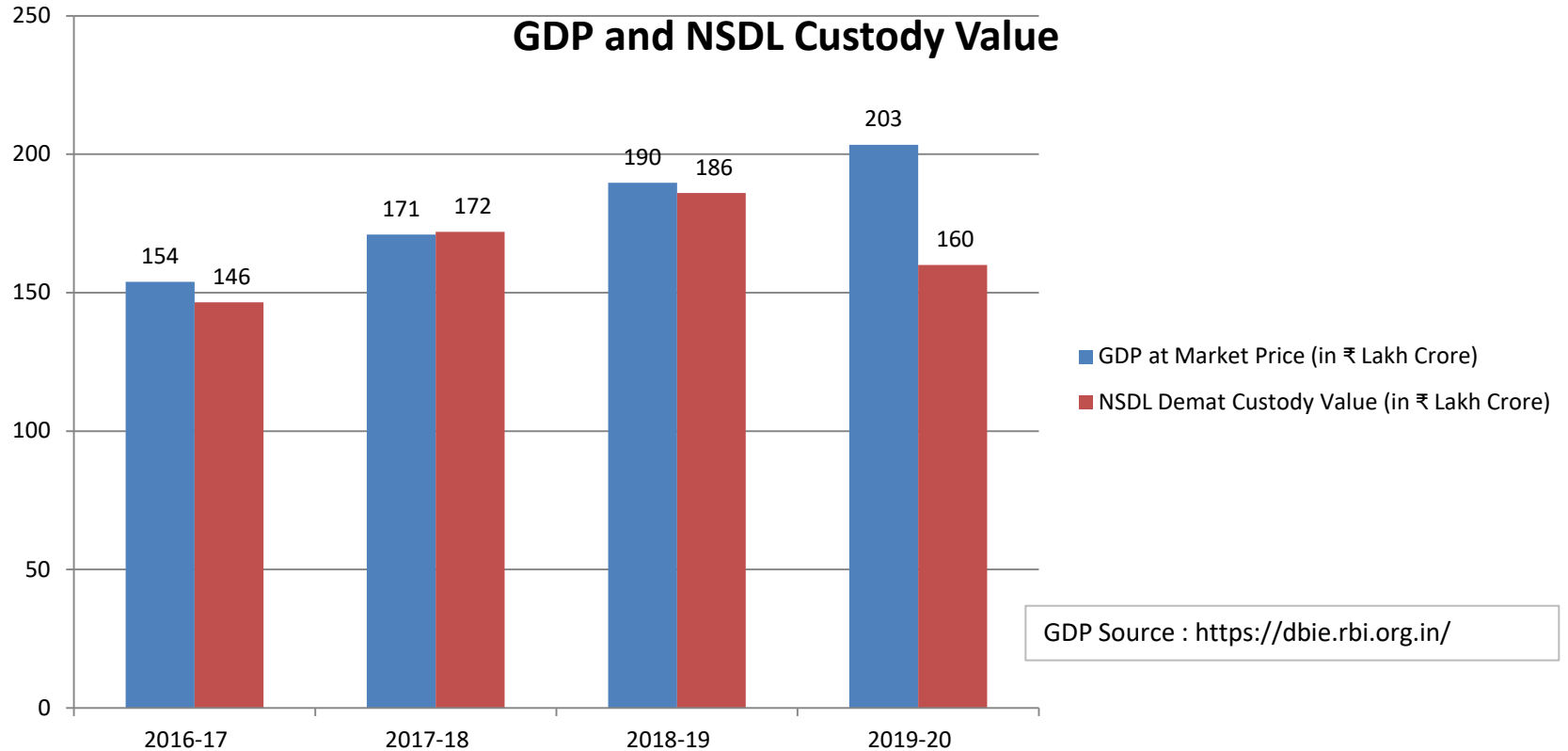
May - 2021  
261.07

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



DP 2



Stock Broker /  
Trading Member 1

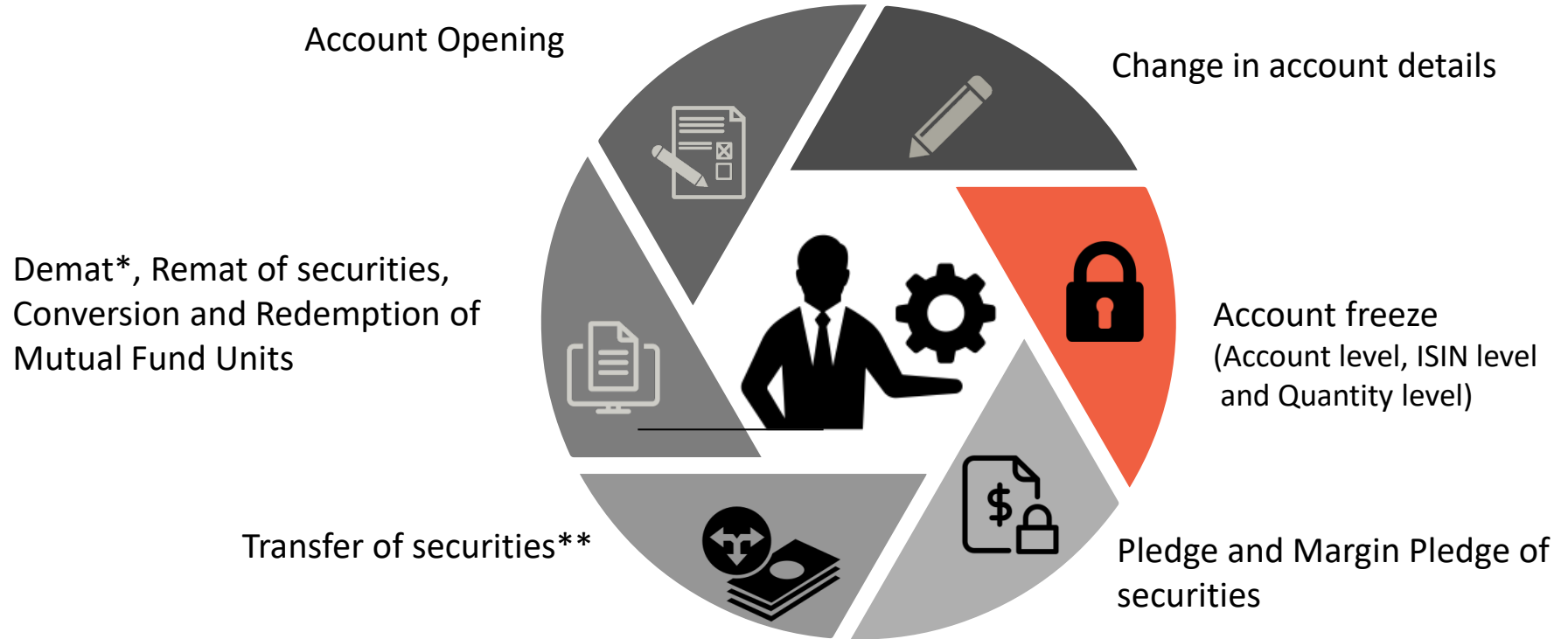
Investor 1

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.nsd.co.in](http://www.nsd.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

# Stamp Duty on Transactions

As per amended Indian Stamp Act, 1899 and Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019, Stamp Duty is payable w.e.f. July 1, 2020.

Applicable on	Transactions covered	Who will pay?	Collection by	Payable to
Securities, Derivatives and certain other instruments	Issuance, Sale and Transfer	Either by buying client or by selling client	Clearing corporations, depositories, CCIL and Registrars and Share Transfer Agents on behalf of state govt.	Concerned State / UT govt. (as per buyer client)

# Stamp Duty on Transactions

What securities are covered?	Shares, debentures, mutual fund units, stock derivatives, commodity derivatives, currency and interest rate derivatives
What securities are not covered?	Government securities (prescribed rate is 0%), Debt instruments having original or initial maturity beyond one year

# Stamp Duty on Transactions

Transaction	Collection agency
Issuance of securities in demat form	Depositories
Issue and sale or transfer of mutual funds units in statement form (non demat) (Switching of mutual fund included)	Mutual Fund Registrars
Mutual Fund and AIF transactions (sale, transfer and issue of units in demat mode)	Depositories
Invocation of pledge and hypothecation in demat form	Depositories
Transfer of securities in secondary market (trades in stock markets)	Stock exchange / Clearing corporation
Off market transfers of securities in demat form	Depositories

# Stamp Duty on Transactions

Transactions not covered	Redemption of mutual fund units, issuance of bonus shares, off-market transfer of securities without consideration such on gift, legacy transfer
What value should be considered for SD?	Market value which is based on price or consideration involved as disclosed by trading parties

Use NSDL stamp duty calculator available at [www.nsdl.co.in](http://www.nsdl.co.in) to know the amount of stamp duty payable and pay the amount online.

# Stamp Duty on Transactions

Stamp duty is based on the consideration amount mentioned by the transferor demat account holder in the instruction slip and recorded in NSDL system by DP or account holder.



It can be paid by the demat account holder directly to NSDL or through its DP.

It must be paid before the execution of the instruction in depository system.

Take care to mention DP ID and Client ID of transferor client correctly at the NSDL portal while paying stamp duty online.

Stamp duty collected by depository shall be deposited in the account of concerned state / UT government based on the residential address (correspondence address) pin code mentioned in the demat account of the buying client (credit side).

# Margin Pledge



1. As per SEBI's guidelines, w.e.f. August 1, 2020 Trading Members and Clearing Members (stock brokers) can accept margin payment in form of securities from their clients, only through a Pledge created in depository system.
2. Earlier, either Title transfer collateral arrangements was used for margin requirement or mere holding of Power of Attorney in respect of client's demat account was considered as sufficient for collection of margin obligations from that client.



# Margin Pledge



3. W.e.f. August 1, 2020, collaterals in form of securities can be accepted by stock brokers in form of margin pledge created on the securities held in client's demat account.
4. Instruction to create margin pledge on securities can be given by client or by the person holding the Power of Attorney, in physical form or electronically through SPEED-e.
5. Such margin pledge can be created in favour of a specially designated demat account of the stock broker (opened as TM – Client Securities Margin Pledge Account or TM / CM – Client Securities Margin Pledge Account).

# How to Submit Margin Pledge Instruction?

**There are three ways to submit Margin Pledge Instruction –**

1. You may fill up, sign and submit Form 43 – Margin Pledge Form in paper form to your DP.
2. You may submit Margin Pledge Instruction electronically using NSDL SPEED-e platform, if you are a registered user (password user or e-token user).
  - ✓ If you wish to register for SPEED-e, visit [www.eservices.nsdl.com](http://www.eservices.nsdl.com) and click on ‘*New user registration*’ and then select SPEED-e.
  - Once created, margin pledge instruction will wait for pledger’s confirmation to become effective. If Pledger has opted for automatic confirmation of pledge instruction, then margin pledge instruction created as above will become effective immediately.
  - **Take care to**
    - ✓ Create Margin Pledge for securities which are approved by your stock broker for margin purpose.
    - ✓ Create Margin Pledge for quantity according to value of the security and haircut applicable.

# How to Submit Margin Pledge Instruction?

3. Your stock broker (Trading Member) may initiate Margin Pledge instruction on your behalf if you have given a Power of Attorney (POA) in his favour.

- In this case, you will need to confirm the Margin Pledge instruction using OTP received on your registered mobile number or registered email ID.

Or

- you can login to SPEED-e and confirm the instruction available.

# Margin Pledge Confirmation

## Confirm Pledge

Verify the information displayed and if satisfied, confirm the instruction to create pledge with the OTP received.

## Receive OTP

After successful PAN authentication, One Time Password (OTP) will be sent to client through SMS and email.



## Receive Confirmation Link

On receipt of margin pledge instruction, NSDL shall send a link to 'Confirm Margin Pledge Transaction' through SMS and email to Client.

## Click the Link

Client needs to Click the link received – which will lead to a NSDL web page.

## Authenticate With PAN

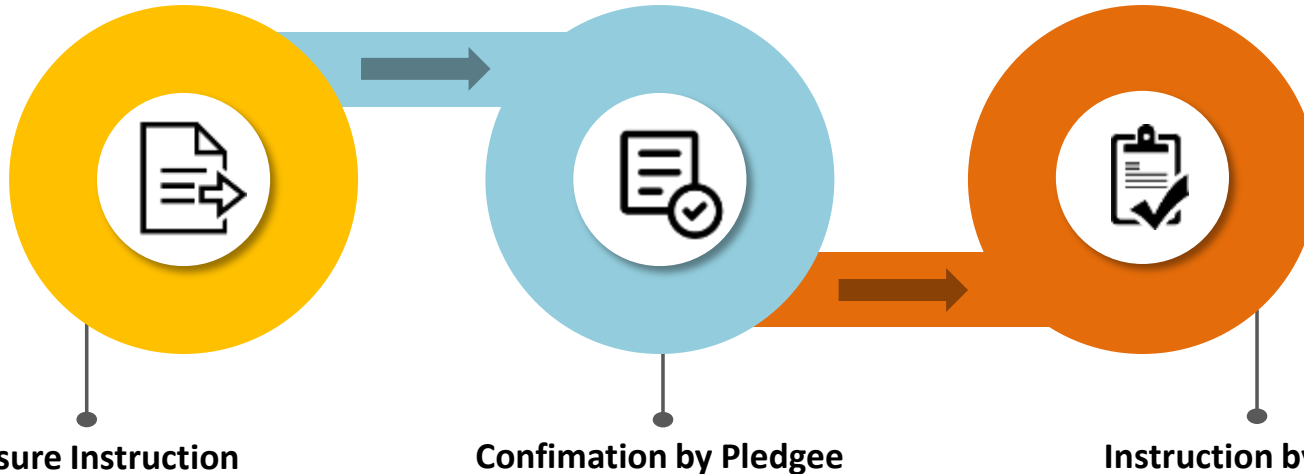
Client should authenticate the instruction with PAN.

# Margin Re-Pledge



1. A Trading Member (stock broker) can re-pledge the securities margin pledged by its clients in his / her account, in favour of Clearing Member (CM). A CM can re-pledge the same securities in favour of Clearing Corporation (CC) in respect of approved securities. Re-pledge is possible with one time consent given by the client for underlying securities.
2. Details of all pledge transactions and subsequent re-pledge transactions shall be displayed in the client's demat account statement.

# Closure of Margin Pledge / Re-pledge



## Submit Closure Instruction

Client can submit instruction for Closure of Margin Pledge existing in his / her demat account in physical form or electronically through SPEED-e

## Confirmation by Pledgee

Pledge will be closed when it is confirmed by the concerned stock broker (pledgee TM)

## Instruction by Broker

Alternatively, stock broker can give an instruction for unilateral closure of the pledge

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If the securities have been re-pledged by TM in favour of CM (or by CM in favour of CC), then margin pledge closure will need to be confirmed by concerned CM (or by CC). Alternatively, CM or CC may give an instruction for unilateral closure of the re-pledge.

# Invocation of Margin Pledge / Re-pledge



## TM SUBMITS INSTRUCTION

Stock Broker (TM) can submit instruction for Invocation of Pledge existing in its favour in physical form or electronically through SPEED-e facility, in case of default in payment by client.



## SECURITIES DEBIT

Upon successful execution of Pledge Invocation instruction in NSDL system, securities will be debited from the client's demat account (Pledgor's account) and credited to TM's demat account (Pledgee's account).



## IF RE-PLEGDED BY TM

If the securities have been re-pledged by TM in favour of CM (and by CM to CC), then Invocation initiated by TM will be effective when pledge is released by the concerned CM (and by concerned CC).




## VALIDATION

Validation of the margin pledge instruction will be done with the UCC linked in the demat account of the Client.

If there is default by TM / CM then the re-pledged securities of clients who do not have any open position with CM / CC, shall not be available to CM / CC for invocation to meet settlement default of the TM / CM.

# 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.

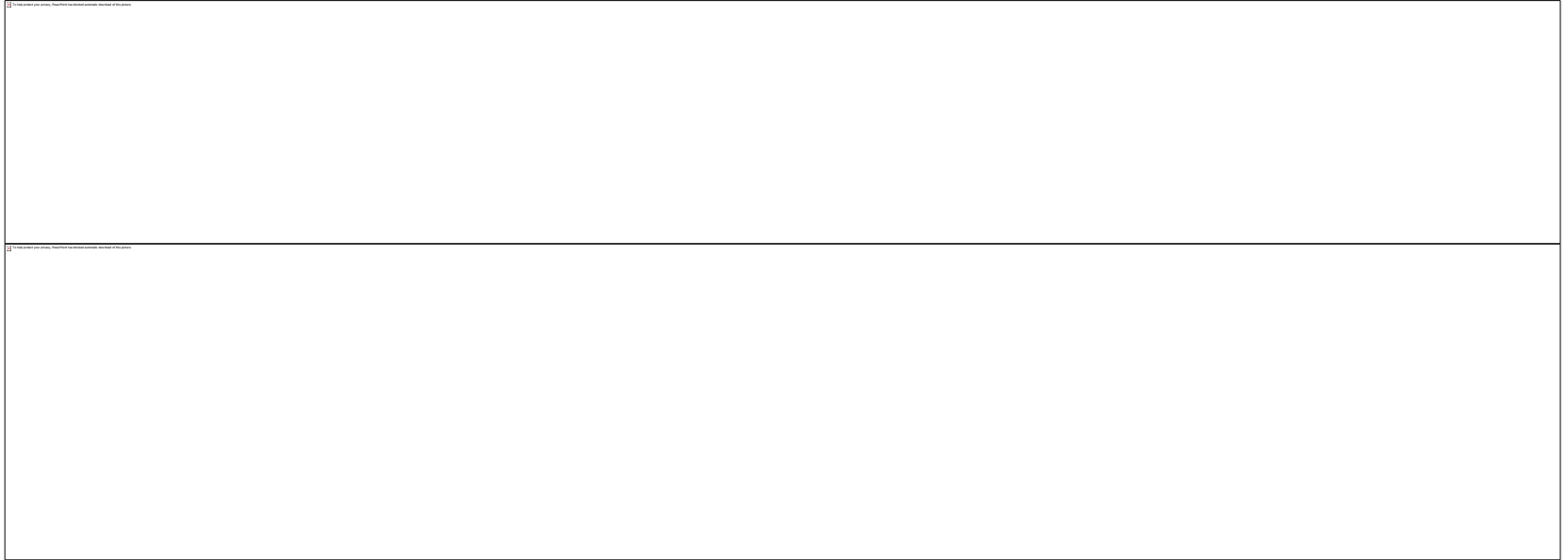
Do not act on Unsolicited SMS and emails providing Tips, stock recommendations, assured returns etc.

NSDL publications and presentations are available in Hindi, English and other languages at [www.nsdل.com.in](http://www.nsdل.com.in) → Education

Schedule of Awareness Programs, Registration and Feedback facilities are available at [www.nsdل.com.in](http://www.nsdل.com.in).

# NSDL Newsletter for Investors

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



[www.nsdل.com.in](http://www.nsdل.com.in)



Education



Newsletter – The  
Financial  
Kaleidoscope

# Grievances Redressal

1. Lodge your complaint with SEBI at [www.scores.gov.in/](http://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.nsdl.co.in](http://www.nsdl.co.in) → Query Now
5. NSDL email for grievance - [relations@nsdl.co.in](mailto:relations@nsdl.co.in)
6. NSDL email for other information - [info@nsdl.co.in](mailto:info@nsdl.co.in)





# THANK YOU

We welcome your feedback and suggestions about this program at [www.nsdل.co.in](http://www.nsdل.co.in) /  
[info@nsdl.co.in](mailto:info@nsdl.co.in).

