

NATIONAL SECURITIES DEPOSITORY LIMITED

e-Guide for Demat Account Holders

Table of Contents

Preface	4
Let's Begin with Basics	5
What is Capital Market?	5
What are Securities?	6
What are Primary and Secondary Market of Securities?	6
What is the role of SEBI in Capital Markets?	7
What is the role of NSDL in Capital Markets?	7
Understanding Demat	9
What is the meaning of 'Demat'?	9
What is a Depository?	9
What is a Depository Account?	9
Who is a Depository Participant?	10
What are the benefits of having a demat account?	10
Services Provided by NSDL	12
Demat Account Opening	12
Basic Services Demat Account	19
Dematerialization of Securities	22
Rematerialization of Securities	29
Settlement for Market Trades and Transfer of Securities	30

Transmission of Securities	37
Nomination	42
Pledging and Hypothecation of Securities	45
Lending and Borrowing of Securities	49
Use of Power of Attorney for demat account	51
e-Services from NSDL	54
SPEED-e	54
IDeAS	56
NSDL Mobile App	56
e-Voting	56
Other Useful Services from NSDL	57
NSDL Consolidated Account Statement	57
SMS Alert Facility	58
Holding Mutual Fund Units in demat account	61
Update / Changes in demat account	64
Availing Corporate Benefits in demat account	68
Charges for NSDL Services	70
Taking Care of Your demat account	71
More Information	76
Claiming refund for dividend / shares not received	76
Demat Mandatory for Transfer of Securities	78

Investor Awareness Programs	79
NSDL Newsletter for Investors	79
Grievance Redressal	80
Other Investor Centric Services	80
National Skills Registry (NSR)	80
KYC Registration Agency (KRA)	81
National Academic Depository (NAD)	81
NIR account (e-Insurance Account)	81
Contact NSDL	82
Useful Links	85
Abbreviations used	86

Preface

Dear Reader,

We 'Thank You' for your interest in NSDL.

NSDL, the premier depository of India, commenced its operations in November 1996. Since then, the number of users of NSDL depository system has been steadily increasing. It is our endeavor to keep all the present and prospective users of NSDL depository system aware of the facilities and benefits available and precautions to be taken in using NSDL depository system.

We, at NSDL, believe that every Indian should be a 'Prudent Investor' and not just an Investor. We appreciate your decision of reading this booklet. The information given in this booklet will help you to take a step towards becoming a 'Prudent Investor'.

Apart from a small introduction to NSDL, we have summarized various services that you may avail once you open NSDL demat account. In case, you need more information or any clarification, please feel free to contact us. We look forward to your suggestions and feedback to make this better.

Regards,

Team NSDL

Let's Begin with Basics

What is Capital Market?

Capital Market, in simple words is a market for capital or funds, wherein those who need funds for their business purposes look out for those who are willing to provide them. In other words, capital market is a market where persons engage in buy and sell of various kinds of financial instruments. It comprises of a Regulator (SEBI), Stock Exchanges (NSE / BSE etc.), Depositories (NSDL / CDSL) and other intermediaries like Stockbrokers, DPs, Custodians, RTAs, Merchant Bankers etc. Broad structure of the Indian Capital Markets is given at diagram number 1.

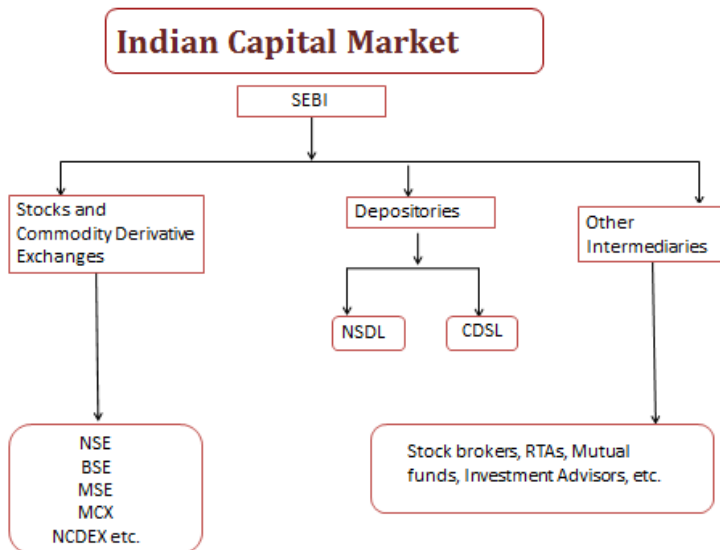


Diagram 1

What are Securities?

Securities are various kinds of financial instruments, which are traded in the capital markets. In other words, these are instruments by which funds are offered by fund suppliers to fund seekers. Let us take an example to understand this. Mr. A is a well-known entrepreneur and Managing Director of ABC Limited. He wants to start a new cement plant with name as ABC Limited. This requires a huge amount of money (capital) which he himself or ABC Limited is unable to raise. It, therefore, decides to enter capital market by offering its equity shares in return of funds. It comes out with an Initial Public Offer or IPO (initial because it is the first time ABC Limited is seeking funds from public at large). The public may apply for the shares by paying an agreed price. After completion of the due processes, company receives the funds in its bank account and issues shares to applicants, thereby making them shareholders of the company.

A share, described above is one type of security. Other examples are - debentures, bonds, mutual fund units, commercial papers, certificate of deposits, government securities etc.

What are Primary and Secondary Market of Securities?

Issuance of shares or securities by issuers to public is called 'Primary Market'. Stock exchange, which is a market place for trading (buy and sell) in already issued securities, is called 'Secondary Market'. Any shareholder can offer his shares for sale through a SEBI registered stockbroker on

the platform provided by stock exchanges like BSE or NSE.

Any person can buy these shares through his / her stockbroker by paying the market price.

What is the role of SEBI in Capital Markets?

SEBI or Securities and Exchange Board of India, is the regulator for capital markets in India. It was formed in 1988 as a non-statutory body. Later in 1992, after passing of Securities and Exchange Board of India act, 1992, it became an autonomous body with statutory powers to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. SEBI has broad powers to register various market intermediaries in capital market, regulate all market intermediaries through continuous monitoring and penalize any market intermediaries for violation of its norms.

What is the role of NSDL in Capital Markets?

NSDL, established in 1996, is today one of the largest Depositories in the world. As a depository, it enables holding of shares and other types of securities in electronic form i.e. dematerialize form. By holding a demat account, one can own the securities in electronic form and transfer any security from his / her demat account to any other demat account. The interlinks between Depository and various other stakeholders in the capital markets are shown at diagram number 2.

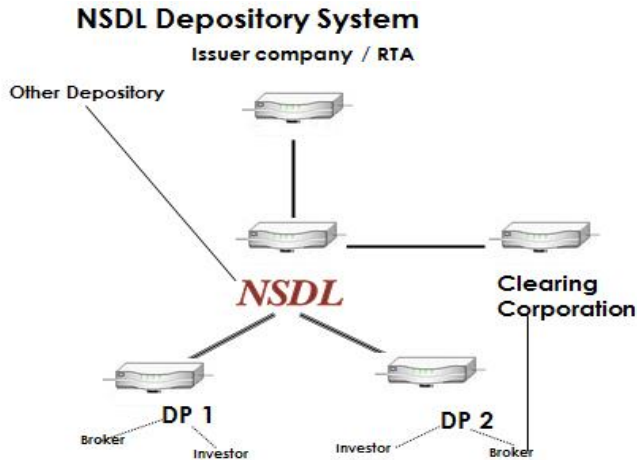


Diagram 2

NSDL's contribution to Indian Capital Markets has made it one of the Leading Capital Markets on multiple fronts in the world. With the adoption of state of art technology for various products and services and un-matched reach within the country, NSDL has won the trust of investors and other intermediaries, thus standing true to its tag line - Technology, Trust & Reach.

NSDL provides a bouquet of services to investors, stockbrokers, stock exchanges, custodians etc. through its network of more than 275 DPs (Depository Participants). Many big banks (nationalized, private and co-operative), stockbrokers and financial institutions have joined NSDL as DPs. NSDL DPs are operating from more than 30,700 service centers spread across the country, and few in abroad too. List of NSDL DPs and their service centers is available at <https://nsdl.co.in/dpsch.php>.

Understanding Demat

What is the meaning of 'Demat'?

Demat is a form of holding or keeping securities in an electronic form. This is a legal alternative to holding the securities in paper form.

What is a Depository?

A depository is like a bank for shares. Just as we keep money in a savings account with a bank, we can keep our investments in shares etc. in a demat account kept with a depository. As bank helps us in transferring money from our account to other persons's account, depository help us in transfer of shares etc. from one demat account to another. As bank extends its services through its branches to customers, depository extends its services through its network of agents, known as DP (Depository Participant). In addition to this, depository offers many other services to various stakeholders in the capital markets.

What is a Depository Account?

Depository Account is just like a bank account, kept with a depository. A bank account is used to keep and transact in money, depository account is used to keep and transact in securities. Depository account is popularly called as demat account.

Who is a Depository Participant?

A depository provides its services to investors through its agents called Depository Participants (DPs). These agents are appointed by NSDL after their registration with SEBI. If an investor wants to avail the services offered by the depository, he / she needs to open a demat account with any DP. This is similar to opening a savings account with any branch of a bank in order to utilize the bank's services. You can get a list of DPs at <https://nsdl.co.in/dpsch.php>.

What are the benefits of having a demat account?

The benefits of having a demat account are:

- a. Immediate transfer of securities.
- b. No stamp duty on transfer of securities.¹
- c. Elimination of risks associated with physical certificates such as bad delivery, fake securities, etc.
- d. Reduction in paper work involved in transfer of securities.
- e. Reduction in transaction cost.
- f. Ease in case of change in address / bank account details etc. as update done in demat account is communicated to all the respective companies eliminating the need to correspond with each of them separately.

¹ Subject to changes in proposed finance bill for FY 2019 - 20.

- g. Ease in Transmission of securities as entire process is done by DP eliminating correspondence with companies.
- h. Convenient method of consolidation of folios / accounts.
- i. Holding various types of securities like Equity, Debentures, Bonds, Government securities, Sovereign Gold Bonds, Mutual Fund Units etc. in a single account.
- j. Automatic Credit of Shares, Mutual Fund Units etc., arising out of split / consolidation / merger etc. into the demat account.

Services Provided by NSDL

As a depository, NSDL provides various services to investors, issuer companies, stockbrokers and clearing corporations. Investors need to approach any Depository Participant to avail any of the services.

Demat Account Opening

1. How to Open a NSDL demat account?

Opening a demat account is quite simple. All you have to do is to approach a NSDL DP, which will help you to complete the formalities. You need to fill up a form, submit PAN card and proof of address. In addition, you need to provide details of your bank account.

After your demat account is opened, your DP will provide you DP ID and Client ID, a copy of your Client Master Report containing your demat account related details, tariff sheet and 'Rights & Obligations of Beneficial Owner and Depository Participant'. DP ID is 8 characters long code, (example IN3XXXXX) allotted by NSDL to all DPs to identify them. Client ID is 8 digit long code used to identify the clients in the system. Combination of DP ID and Client ID makes your unique account number in the NSDL system.

You should verify the Client Master Report to ensure that all your details have been recorded correctly in depository system. If you want to trade in shares etc. (i.e. buy or sell), you would also need to open a Trading / Broking account

with any SEBI registered stockbroker. There are many DPs which offer 3-in-1 arrangement for the benefit of investors (3-in-1 is a combination of demat account, trading account and bank account).

2. How do I select a DP?

You can select your DP to open a demat account just like you select a bank for opening a savings account. Some of the important factors for selection of a DP can be:

- a. Convenience - Proximity to your office / residence, working hours.
- b. Comfort - Reputation of the DP, past association with the organization, whether the DP is in a position to give the specific service you may need?
- c. Cost / level of service - The service charges levied by DP and the service standards.

For list of DP locations and their comparative charge structure, please visit <https://nsdl.co.in/joining/joincharges.php>.

3. Whether all the DPs are same?

NSDL has specified certain basic eligibility criteria for becoming a DP. The criteria are similar or even higher in certain respects than the corresponding provisions of SEBI regulations. All the DPs are same in the sense they are appointed by NSDL only after grant of Certificate of Registration by SEBI to them. However, the type of

services offered, service standards and charges for the services rendered may differ among DPs.

4. What should I do if I want to open a demat account?

Once you have decided to open an account with a particular DP, you may approach that DP and fill up an account opening form. You would be required to provide your photograph and self-attested copy of following documents –

- a. PAN Card (for Sikkim residents who may not have PAN, other proof of identity).
- b. Proof of address (any one of Passport, Driving license, Voter's Identity card, Aadhaar card and NREGA job card).
- c. Copy of cancelled cheque or passbook or bank statement containing your name, account number, IFSC and MICR code.

Please remember to take original documents to the DP for verification. In case you are unable to produce original document for verification, then photocopy should be attested by any authorized entity, like a public notary. Your DP may ask additional proof of identity / address to meet its requirements in addition to above-mentioned. The process of account opening is shown in the diagram number 3.

Demat Account Opening Process

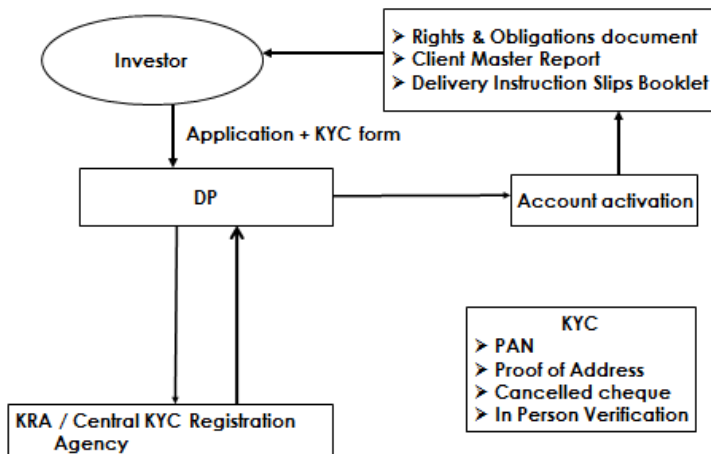


Diagram 3

5. What is in-person verification?

It is mandatory to establish the identity of the applicant at the time of opening account as per SEBI guidelines. This is done by the DP's staff by verifying the affixed photograph on account opening form and the photo seen on document on PAN card with the person seeking to open the account. For Joint account holders, the 'in-person verification' is required for all the holders.

6. Can I open more than one demat account?

Yes. You can open more than one account with the same DP or different DPs as per your needs and preferences. Kindly note that you may have to pay charges for all such accounts opened.

7. Do I have to keep any minimum balance of securities in my demat account?

No. The depository has not prescribed any minimum balance. You can have zero balance in your demat account.

8. Why should I give my bank account details at the time of account opening?

Providing bank account details at the time of demat account opening is mandatory. These bank details are communicated to issuer companies / RTAs for the purpose of crediting any amount payable to you (such as dividend, interest or maturity payment or redemption amount) directly in your bank account. It is therefore suggested that you provide details of your active bank account in the account opening form. Later, in case of change therein, please remember to inform to your DP.

9. What is 'Standing Instruction for receiving credits automatically' given in the account opening form?

In demat account, debit or credit transactions are permitted only if it is duly authorized by the respective holder(s). As a

Delivery Instruction Slip (DIS) is required for every debit transfer in the demat account, a 'Receipt Instruction Slip' is required for every credit transfer in the demat account. By giving a onetime standing instruction to your DP, you may avoid giving receipt instruction to your DP whenever a credit is expected in the account.

10. Can I operate a joint account on 'either or survivor' basis just like a bank account?

No. As per rules applicable at present, demat account cannot be operated on 'either or survivor' basis like the bank account. Therefore, every instruction given for a jointly held demat account needs to be signed by all the joint holders.

11. Can I transfer all my securities to my account with another DP and close my demat account with one DP?

Yes. In case you have multiple demat accounts with one or more DPs and do not wish to continue with them, you may submit account closure form to your DP(s) in prescribed format. In the form, you are required to mention DP ID, DP name and Client ID of the account where you wish the balances to be transferred. Your DP will transfer all your securities as per your instruction and close your demat account. It is important to understand that a demat account cannot be closed if there is any balance in the account.

12. What can I do with my NSDL demat account?

There are numerous uses of your NSDL demat account. Few important things that you can do with your NSDL demat account are listed below -

- a. You may apply for IPOs and NFOs. Do not forget to mention your DP ID and Client ID correctly in the application form. Same demat account can be used to purchase and hold shares and other types of securities.
- b. You will automatically receive all corporate benefits (bonus, rights issue, etc.) in your demat account. Cash benefits like dividend declared by your company, interest or maturity amount payable on your bond investments etc. would be credited to bank account linked with your demat account. Please ensure correct bank account details are recorded in your demat account.
- c. You may use your demat account to avail 'loan against shares' facility which is offered by many banks etc. to meet your financial requirements without requiring to sell the investments.
- d. You may convert all your investments in shares, bonds, debentures, government securities, sovereign gold bonds etc. held in paper form to demat form through your DP.
- e. You may hold your mutual fund investments in the same demat account. Holding mutual fund units in demat account makes things a lot easier for you. You would be able to monitor your portfolio at one place through NSDL CAS. It also saves you from the need to

engage with various mutual fund houses if you want to make any change in your personal information, for example, address or bank details or nominee, etc. You may subscribe to mutual fund units in demat form by simply mentioning your DP ID and Client ID in application form. Investment in mutual funds by way of SIP is also possible through your demat account. For redemption or repurchase of mutual fund units, you may give an instruction to your DP or may use NSDL's SPEED-e facility.

- f. You may participate in buyback offer by tendering your shares to company through your demat account.
- g. You may participate in securities lending and borrowing scheme by lending securities lying idle in your demat account and may earn market returns.

Basic Services Demat Account

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

BSDA is like a regular demat account but with no or low annual maintenance charges.

2. What are the conditions to avail the benefit of a BSDA?

Individual persons meeting the following conditions may avail the benefits of BSDA -

- a. Individuals who have only one demat account as sole or first holder (across depositories).

- b. Individuals can be second or third having any other demat account(s).
 - c. Value of securities held in the demat account shall not exceed ₹ 4,00,000 at any point of time.
 - d. It is necessary to provide a mobile number and opt for SMS alert facility in order to avail BSDA.
3. What are the annual maintenance charges (AMC) for BSDA?

The annual maintenance charges for BSDA, as stipulated by SEBI in various situations are as below:

Sr. No.	Value of Debt Securities	Value of Other than Debt Securities	Total Value of Holdings	AMC
1	₹ 50,000/-	₹ 50,000/-	₹ 1,00,000/-	No AMC
2	₹ 1,00,000/-	₹ 50,000/-	₹ 1,50,000/-	No AMC
3	₹ 1,50,000/-	₹ 50,000/-	₹ 2,00,000/-	Maximum ₹ 100
4	₹ 1,50,000/-	₹ 1,00,000/-	₹ 2,50,000/-	Maximum ₹ 100
5	₹ 2,00,000/-	₹ 2,00,000/-	₹ 4,00,000/-	Maximum ₹ 100
6	₹ 2,00,000/-	₹ 2,50,000/-	₹ 4,50,000/-	As per Regular account
7	₹ 3,00,000/-	₹ 3,00,000/-	₹ 6,00,000/-	As per Regular account

8	₹ 2,50,000/-	₹ 2,00,000/-	₹ 4,50,000/-	As per Regular account
9	₹ 50,000/-	₹ 2,50,000/-	₹ 3,00,000/-	As per Regular account
10	₹ 2,50,000/-	₹ 50,000/-	₹ 3,00,000/-	As per Regular account

The value of the holdings for this purpose is determined by the DP based on the daily closing price or NAV for the securities / mutual fund units. If value of holdings in BSDA exceeds the above limits on any day, DP may levy charges as applicable to regular accounts (non-BSDA) from that day onwards.

Dematerialization of Securities

1. What is dematerialization?

Dematerialization is the process by which physical certificates of securities are converted into securities in electronic form by way of credit in investor's demat account held with a DP. Dematerialization is change in form of holding, it does not result into change of ownership.

2. How can I dematerialize my securities certificates?

In order to dematerialize certificates, you need to open a demat account. Once the demat account has been opened, you need to fill up a 'Dematerialization Request Form' in prescribed form and submit it to your DP along with the security certificates. Your DP will forward the demat request to the concerned issuer company or its Registrar and Transfer Agent for further processing. Once the request is confirmed by the concerned issuer company or its Registrar and Transfer Agent, it results in credit of electronic securities in the demat account of the respective investor. The process of dematerialization is shown in the diagram number 4.

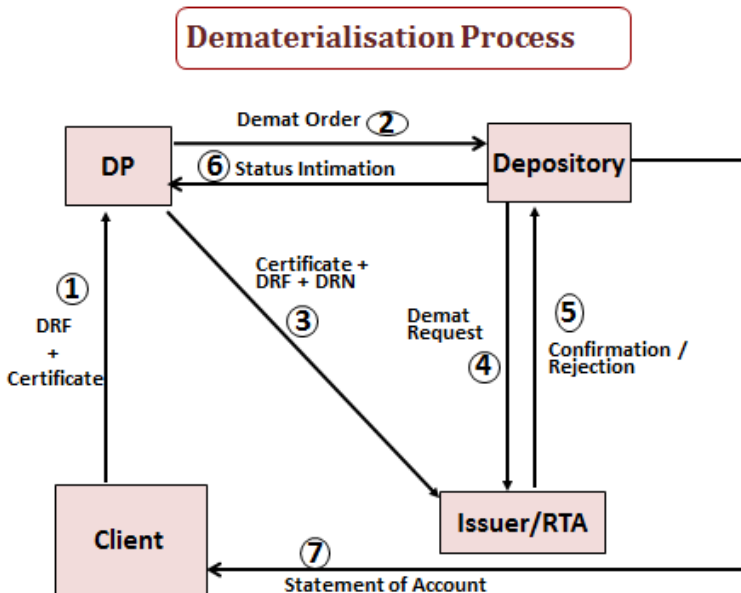


Diagram 4

3. Can I dematerialize any share certificate?

No, not all the share certificates can be dematerialized. For dematerialization, following conditions should be met with –

- You can dematerialize only those share certificates that are already registered in your name in records of issuing company / its RTA.
- The Issuer company should have joined NSDL and obtained an ISIN for those shares.

- c. Shares should be free from any lien or charge or encumbrance.

Most of listed and active companies have already joined NSDL and their shares and other types of securities are available for demat. Many other companies are in the process of joining NSDL. You may search if the shares held by you are available for demat or not, at https://nsdl.co.in/master_search.php.

4. What precautions should I take before submitting my certificates to DP for dematerialization?

You should take care of following -

- a. Verify that you are the registered owner of the securities.
- b. Pattern of ownership of securities is same as that in demat account from which you wish to initiate the demat request. (Refer to answer for Q. 13 below if pattern is different).
- c. Verify that securities you wish to dematerialize are indeed available for demat in NSDL.
- d. Verify that the RTA has not stopped services to the company of which you are holding the shares. This can be searched at <https://nsdl.co.in/list-comp.php>.
- e. After above steps, you may mark the share certificates that you wish to dematerialize with words 'Surrendered for Dematerialisation'. Your DP will provide you the rubber stamp to be used for this purpose.

After ensuring that the certificates have been duly marked as above, you may submit the DRF to your DP along-with the share certificates for further processing.

5. How long does the dematerialization process take?

As per SEBI's guidelines, DP is required to process the demat request received by it within 7 days. Further, issuer company / its RTA may take up to 15 days² to process the demat request received by them. Considering the time required for transmission of documents from DP to issuer company / RTA, dematerialization will normally take about 30 days.

6. Can I open a single account to dematerialize securities owned individually and securities owned jointly along-with my wife?

No. The demat account must be opened in the same ownership pattern in which the securities are held in the physical form. For example, if one share certificate is in your name and another certificate has your name along with your wife's name, then you would need to open two demat accounts (one in your name and other in joint names of yourself and your wife).

7. Do I have to dematerialize securities that I do not intend to sell?

² SEBI has allowed upto 30 days to RTAs to process demat request till June 30, 2019.

The Depositories Act, 1996 gives investors an option to hold securities in physical form or demat form. Hence, if you do not intend to sell the securities, you may not dematerialize them. However, holding the securities in demat form entails numerous benefits and is therefore highly recommended. Further, there are existing / proposed restrictions on transfer of securities belonging to listed companies and unlisted public limited companies, if held in physical form. It may therefore be better to dematerialize the securities.

8. Can I dematerialize my investment in tax-free bonds which are under lock-in?

Yes. You can dematerialize your tax-free bonds even when they are under lock-in. The process of demat is similar to that applicable to demat of shares. You need to submit duly filled in and signed DRF to your DP along with bond certificates. DP will forward the request to concerned issuer / its RTA and upon confirmation, credit will be received in your demat account.

9. Can I purchase government securities directly in demat form?

Yes. Now the market of government securities like bonds and Treasury Bills (T-Bills) is easily accessible to retail investors. In fact, RBI does keep a portion of new issues reserved for retail investors. You may invest in G-Sec by participating in auction of new securities or by purchasing already issued securities in secondary market. For both, you need to approach any authorized bank or primary dealer or stock broker, mentioning your demat accounts details (DP ID and Client ID).

10. How can I subscribe to Sovereign Gold Bonds (SGB) in demat form?

The SGB offers a superior alternative to holding gold in physical form. Option to hold SGB in demat form makes it even better and convenient. The process to buy or subscribe to sovereign gold bonds in demat form is quite easy. All you need to do is to mention your DP ID and Client ID in your subscription form. Some banks offer online application facility also (if investor makes application online and does payment electronically, then some price discount is also available at present). Upon allotment by RBI, your demat account will be credited with the requisite number of bonds.

11. Can I convert my investment in sovereign gold bonds (SGB) held in paper form (Certificate of Holding form) into demat form?

Yes, you may do so. For this purpose, you need to contact the bank / agent from whom you had purchased the SGBs. They will assist you in conversion of SGBs held in form of Certificate of Holdings into demat form.

12. Can I convert my investment in government securities held in SGL form to my demat account kept with NSDL DP?

Yes. You need to provide a duly filled in and signed request in prescribed format (known as Dematerialization Request Form – Government Securities) along with ‘Form of Transfer’ to your DP. Your DP will forward the request to NSDL. NSDL will arrange for necessary credit in your demat account.

13. I have physical certificates with the same combination of names, but the sequence of names is different. In some certificates, I am the first holder and my wife is the second holder, whereas in some other certificates, my wife is the first holder and I am the second holder. Do I need to open two different accounts for the purpose of dematerialization of these certificates?

The joint holders are entitled to change the sequence of names by making a written request to the company. This does not constitute a transfer. Changing the sequence of joint holders is called 'Transposition'. However, transposition facility can be availed for entire holdings in a folio and not allowed for part of the holdings.

If the same set of joint holders hold securities in different sequence of names, then there is no need to open multiple demat accounts for dematerialization of such securities. Using 'Transposition cum Demat facility' such securities held vide certificates in different combinations, can be dematerialized in one demat account. For this purpose, Dematerialization Request Form (DRF) and an additional form called 'Transposition cum Demat Form' should be submitted to the DP. This is explained in the diagram number 5 -

Transposition Cum Demat Facility

Name in the →	Share Certificate	Demat Account
Two holders	A and B Or B and A	A and B
Three holders	A , B, C Or A, C, B Or B, A, C Or B, C, A Or C, A, B Or C, B, A	A, B and C

Submit Demat Request Form (DRF) along with Transposition form to your DP.

Diagram 5

Rematerialization of Securities

1. Can my electronic holdings be converted back into paper certificates?

Yes. If you wish to get back your securities in physical form, you need to submit 'Rematerialization Request Form' in prescribed format to your DP. After necessary checks, your DP will forward your request through NSDL's depository system to the concerned Issuer company / RTA. The company / RTA will print the certificates and dispatch the same to you directly. You

should check the rematerialization charges with your DP before submitting the request.

Settlement for Market Trades and Transfer of Securities

1. What is the procedure for selling dematerialized securities?

The procedure for selling dematerialized securities is very simple, as given below -

- a. You need to give a sell instruction to your stockbroker.
- b. Once your sell order has been executed and you receive confirmation of execution of your order, you are required to provide the securities sold to your stockbroker to meet your pay-in obligation. For this purpose, you need to submit a duly filled in 'Delivery Instruction Slip' to your DP within the time frame prescribed by your DP.
- c. The DIS should contain instruction to your DP to debit your account with the number of securities sold by you and credit your broker's clearing account. Alternatively, NSDL SPEED-e service can be used to give electronic instruction online.
- d. Once the instruction is successfully processed by your DP, your broker will get the shares and will arrange securities pay-in to the clearing corporation.

- e. Upon receipt of (funds) payout from the clearing corporation, your broker will arrange the credit of due sale proceeds to your linked bank account.

2. How can I buy securities in demat form?

The procedure for buying securities in demat form is very simple, as given below -

- a. You need to give purchase instruction to your stockbroker.
- b. Once your buy order has been executed and you receive confirmation of execution of your order, you are required to provide the due amount to your stockbroker to meet your (funds) pay-in obligation.
- c. Your broker receives credit of securities in its clearing account on the (securities) pay-out day.
- d. Your broker gives instruction to its DP to debit its clearing account and credit your demat account for the securities bought by you.
- e. If you have not given standing instruction in your demat account, then you will need to give 'Receipt Instruction' to your DP for receiving credit.
- f. You should ensure that your broker transfers the securities to your account, before the book closure. If the securities remain in the account of your broker, the company will give corporate benefits (dividend, bonus etc.) to the broker. In that case, you will have to collect the benefits from your broker.

3. What are 'Market Trades' and 'Off Market Trades'?

Any trade settled through a clearing corporation is termed as a 'Market Trade'. These trades are done through stockbrokers on the platform of a recognized stock exchange. An 'Off Market Trade' is one which is settled directly between the two parties, without the involvement of clearing corporation.

4. What is 'Inter Depository transfer'? Is it possible to transfer any ISIN to other depository?

Transfer of securities from a demat account held with one depository to another demat account held with a different depository is known as 'Inter Depository Transfer' (IDT). IDT is possible for those ISINs which are active in both the depositories.

5. What is partial account transfer?

In case you give a pay-in instruction for quantity which is more than the quantity available in demat account at the time of settlement of the instruction, then your demat account is debited to extent of balance available. In case of off market transfer, if sufficient balance is not available then the entire instruction fails, meaning that debit does not take place.

6. What is meant by market type and settlement number?

On every stock exchange, various transactions happen under different trade windows. These windows are identified by a distinct combination of a market type and a settlement number. It is important that you mention correct market type and

settlement number (together said to be settlement details in depository system) in the delivery instruction slip so that your pay-in obligations are settled correctly. These details can be found in the contract note issued by the broker.

7. What is T+2 rolling settlement cycle?

Under T+2 rolling settlement system, trades (buy and sell) happening on the platform of stock exchange on day 1 (T) are settled by the concerned clearing corporation two days later, means on the day 3 (T+2). For example, trades undertaken on Monday will be settled on Wednesday (presuming all days are working days). Similarly, all trades undertaken on Tuesday are settled on Thursday, so on and so forth. This kind of settlement system is known as T+2 rolling settlement.

Clearing corporations prescribe timelines for pay-in and payout of securities as well as funds for each settlement. Stockbrokers are required to adhere to them. In order to enable them to do so, DPs in turn prescribe time lines for securities pay-in for clients doing the sell trades (funds settlement happens through banks and therefore, is out of depository system).

8. In case of T+2 rolling settlement cycle, if I have sold shares through my broker / authorized person on Monday, when do I need to give delivery instruction to my DP?

As the trade has happened on Monday, pay-in of securities will take place on Wednesday, meaning your broker must get the securities before the clearing corporation prescribed time on Wednesday. As your DP will need some time to process the delivery instruction slip given by you, it would have prescribed some timeline for submission of pay-in related instructions

(typically previous day of pay-in day). You need to ensure that your delivery instruction slip reaches your DP well before the given time and day. It may therefore be better to submit your delivery instruction slip to your DP immediately once you receive confirmation of your sell order from your broker.

9. How do I come to know about the deadlines for submission of instruction slips for pay-in?

Your DP will prescribe the timelines to be followed by you for submission of delivery instruction slips and communicate to you. These are generally printed on the DIS booklet given by the DP also for your information.

10. When I buy shares, by what time should I receive the securities from my broker?

The broker is required to transfer the securities to you within one working day, after securities are received in its clearing member account, provided you have made the requisite payment to the broker.

11. What is the meaning of acceptance of instruction slip on 'At client's risk' basis by DP and what is its significance?

Every DP prescribes some timelines for submission of delivery instruction slips. If it happens that your instruction slip reaches your DP after such deadline time, your DP can accept it with limited liability for its execution in the depository system. In such cases, DPs do mark the instruction slip (client copy as well as their office copy) with stamp containing description similar to 'Received late, Subject to best efforts' or 'Late,

received at Client's risk'. If for some reason, DP is unable to execute the late received instruction in depository system successfully, and this results into client failing to meet its pay-in obligation, leading to financial loss (auction charges etc.), DP cannot be held liable for such loss.

12. What precautions do I need to observe with respect to Delivery Instruction Slips?

Delivery Instruction Slips are similar to your bank account cheque book. You should take care of following points in respect of DIS -

- a. Ensure that you receive DIS book from your DP. Do not accept loose slips (unless required so in urgent situations).
- b. Ensure that each DIS is pre-printed and serially numbered.
- c. Ensure that your Client ID is pre-stamped or pre-printed on each DIS.
- d. Do not leave your DIS with anyone else. Fill it and hand it over to your DP when you need to do so.
- e. Keep your DIS book safely. In case you happen to lose or misplace any slip or booklet, please inform your DP immediately in writing.
- f. If DIS has place (lines) to mention more than one instruction and you are not using all of them, then please remember to strike out the unused lines / space before handing it over to your DP to prevent misuse by any.

- g. Please ensure that the instruction slip is duly filled in with all required details and signed by all the joint holders before handing it over to your DP.

13. What is 'execution date' given in the delivery instruction slip?

Execution date is the date on which securities will be actually debited from your account. In order to ensure that the instruction gets executed on the execution date written on the delivery instruction slip, it must be entered by DP in the depository system. You may issue the instruction well in advance of the date on which you want the securities to be debited from your account (your account will be debited only on the execution date mentioned in DIS).

14. What benefit do I get by giving delivery instruction with a future execution date?

By giving a future dated instruction the risk of non-execution of instruction due to lack of time or last minute rush is avoided. You may like to use this facility to ensure that shares etc. are transferred to intended beneficiary's account on a day of your choice.

15. What is meant by 'Reason / Purpose' and 'Consideration' in respect of off market transfers?

As per SEBI's guidelines, the reason or purpose for which the off market transfer is undertaken and consideration for such transfer, needs to be mentioned on the delivery instruction slip submitted for such transfer. There are various options given in

the DIS booklet for 'Reason / Purpose'. You need to select the appropriate one and mention it on the DIS. If the Reason / Purpose of the transfer is 'off market sale' then in addition to amount of consideration, you need to mention the following details also –

- a. Date of payment.
- b. Mode of payment (cash, cheque or electronic payment).
- c. In case mode of payment is cheque or electronic payment, transferee's name, bank account number, bank name, transaction reference number for electronic payments or cheque number for cheque payments are required.

Transmission of Securities

1. What does transmission mean in relation to demat accounts?

Transmission is the process of law by which securities belonging to a deceased account holder are transferred to surviving joint holder(s) / legal heirs / nominee of the deceased account holder. Process of transmission in case of dematerialized holdings is relatively convenient as the transmission formalities for all securities held in a demat account can be completed by submitting the requisite documents to DP. There is no need to approach various companies for this purpose, as is required when securities are held in physical form.

Upon death of account holder (sole holder or joint holder), how the transmission will take place, is described in the diagram number 6 –

Transmission

In the event of ↓	Transmission in favour of ↓	
	Nomination given	Nomination not given
Death of single holder	Nominee	Legal heir (as per Succession certificate / Probate / Letter of Administration)
Death of one of the joint holders	Surviving holder(s)	Surviving joint holder(s)
Death of all the joint holders	Nominee	Legal heir (as per Succession certificate / Probate / Letter of Administration)

Diagram 6

2. What is the procedure for transmission of securities to the nominee in case of the death of the sole account holder?

In case of the death of the sole holder, for transmission of securities, the nominee needs to submit duly filled-in transmission form along with a copy of the death certificate duly attested by a Notary Public or a Gazetted Officer. In case the account of the claimant is not with the same Participant, copy of Client Master Report of the account of the claimant

(certified by the concerned DP) is also required. After verification of these documents, the DP will transmit the securities to the demat account of the nominee.

3. What would happen if there is no nominee in the demat account held by sole holder?

In such a case, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court. Following documents are required for this purpose -

- a. Duly filled in Transmission Form.
- b. Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.
- c. A copy of the Succession certificate duly attested by a Notary Public or by a Gazetted Officer or
- d. An order of a court of competent jurisdiction where the deceased has not left a Will or
- e. A copy of the Probate of Will or
- f. Letter of Administration duly attested by a Notary Public or by a Gazetted Officer.
- g. In case the account of the claimant is not with the same Participant, copy of Client Master Report of the account of the claimant is also required (certified by the concerned DP).

However, if the value of securities to be transmitted is below ₹ 5,00,000/- (on the day of application for transmission), the DP may process the request based on following documents:

- a. Duly filled in Transmission Form.
- b. Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.
- c. Letter of Indemnity (in prescribed format).
- d. Affidavit (in prescribed format) and
- e. No Objection Certificate(s) in prescribed format or Family Settlement Deed.
- f. In case the account of the claimant is not with the same Participant, copy of Client Master Report of the account of the claimant is also required (certified by the concerned DP).

4. What is the procedure for transmission in case of death of one or more joint holder(s)?

In such a case, the securities would be transmitted to the surviving holder(s), irrespective of the nomination. For example, if the account is in the joint names of Mr. A, Mr. B and Mrs. C, in the event of the death of Mr. B, the securities will be transmitted to surviving holders that is, Mr. A and Mrs. C. The surviving holder(s) would need to submit the following documents to the DP:

- a. Duly filled in Transmission Form.

- b. Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.

After verifying the above documents and satisfying himself, the DP will transmit the securities to the surviving holder(s) account and will close the account of the deceased.

5. What is the meaning of ‘Transmission cum Demat’?

‘Transmission cum Demat’ is a very useful facility when one of the joint holders mentioned in securities certificate (held in physical form) has died and remaining holder(s) wish to have the securities transmitted in their name in demat form. Using this facility the twin objectives of deletion of name of one of the deceased joint holders and dematerialization of securities can be achieved in a single step. This is explained in diagram number 7 –

Transmission Cum Demat Facility

Share Certificate	In the event of	Demat Account
A and B Or B and A	Death of one holder – A	B
A , B and C (any sequence)	Death of two holders – A and B	C

Submit DRF along with death certificate (s) and Transmission request to your DP.

Diagram 7

Nomination

1. What is the meaning of 'Nomination'?

Nomination is a simple process by which a holder of securities communicates his / her preference regarding who should receive these securities in case of his / her death. Process of nomination in respect of demat account can be done at the time of opening of demat account or any time later.

2. Who can nominate?

Nomination can be made only by individuals holding demat account singly or jointly. Non-individual holders like society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family and holder of Power of Attorney cannot nominate.

3. Can joint holders nominate?

Yes. Nomination is permitted for accounts with joint holders. However, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee (if nomination given, else to legal heir).

4. Can a NRI nominate?

Yes, NRI can nominate directly. However, the power of attorney holder cannot nominate on behalf of NRI.

5. Can a minor nominate?

No. Minor cannot nominate either directly or through his / her guardian.

6. Who can be a nominee?

Only an individual can be a nominee. Non individuals like society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder cannot be a nominee in the demat account.

7. Can there be more than one nominee?

Yes, at present up to three nominations can be made for one demat account. In case, two or three nominees are mentioned, then it is also required to mention the proportion (%) in which various securities are desired to be transmitted upon death of the account holder.

8. Can a minor be a nominee?

Yes, a minor can be a nominee. Whenever, a minor is mentioned as a nominee in a demat account, details of his / her guardian should also be mentioned.

9. Can separate nomination be made for each security held in a demat account?

No. Nomination can be made account wise and not security wise. This means, in case of death of account holder, all the securities lying in the demat account, are liable to be

transmitted to nominee(s) in the pre-registered proportion. If you wish different nominees for different securities, then you may consider keeping the securities in different demat accounts and mention nominee(s) as per your choice.

10. Can a NRI be a nominee?

Yes, NRI can be a nominee in a demat account subject to the provision of foreign exchange regulations in force.

11. What is the procedure for appointing a nominee?

The demat account holders need to mention the information related to nominee(s) in the account opening form at the time of account opening. Up to three different individuals may be mentioned as nominee in one demat account.

In case, nomination was not done at the time of account opening or was done but account holder(s) wants to change it anytime later, then a 'Nomination' form needs to be filled up and provided to DP.

12. Can the nominee be changed?

Yes, the nomination can be changed anytime by the account holder(s) by simply filling up the nomination form once again and submitting it to the DP.

13. Is it necessary to have nominee in the demat account?

Nomination is not mandatory for demat account. However, it is very much recommended to have nominee mentioned in the demat account. In the unfortunate case of death of sole account holder, it makes the process of transmission very easy and fast. If you do not wish to mention any nominee at the time of account opening, you are required to state that “I/We do not wish to make a nomination”.

Pledging and Hypothecation of Securities

1. What is the meaning of pledging of shares?

Pledging is basically committing the shares held by a person (pledgor) in favour of another person (pledgee) as a security or collateral for the exposure granted by pledgee. Generally, shares are pledged by the concerned shareholder for taking loan against shares.

2. What should I do if I want to pledge shares held in my demat account for availing loan against securities facility offered by my bank?

The procedure is as follows:

- a. You need to arrive at a deal with the bank in terms of loan amount, tenure, rate of interest and kind of securities offered as collaterals, etc. The commercial aspects of such deal are subject matter of mutual negotiation and hence outside the purview of Depository.

- b. Both of you (pledgor) and bank / lender (pledgee) must have demat account with the same depository (with same or different DPs).
- c. You as pledgor need to initiate the pledge by submitting a duly filled up 'Pledge Initiation Instruction Slip' to your DP.
- d. Once your DP processes your instruction, the details can be seen (or searched) by the DP of the bank / lender (pledgee). Then Pledgee needs to give duly filled in 'Pledge Confirmation Instruction Slip' to its DP. (Alternatively, pledgee may opt to have automatic pledge confirmation facility in its demat account). Upon execution of such instruction, the pledge will be created in the depository system.

3. What is the effect of creation of pledge on the securities?

Once the pledge instruction is confirmed in depository system, the underlying securities are blocked in the demat account of pledgor. Until this block remains, pledgor is disabled from disposing of those securities.

4. After repayment of the loan taken, how should I get back my pledge securities as free balance in my demat account?

Upon repayment of loan, pledgor should submit a duly filled in 'Pledge Closure Initiation Slip' to its DP. Once executed, the information is forwarded to DP of the pledgee. The pledgee then may submit 'Pledge Closure Confirmation Instruction' to its DP. (Alternatively, the pledgee may give instruction to its DP to close the pledge without waiting for request from the pledgor).

Once pledge is closed, the block created on the underlying securities is removed and they become available once again for disposal by the erstwhile pledgor.

5. Can I change the securities offered in a pledge?

Yes, if the pledgee (lender) agrees, you may change the securities offered in a pledge. For this purpose, a new request for creation of pledge will have to be given by the pledgor and the existing pledge needs to be closed.

6. Who will receive dividend on the pledged securities?

The pledgor continues to be the beneficial owner of the underlying securities during the period of pledge. Therefore, all the corporate benefits declared by the company during this period belong to pledgor. The pledgee will get the benefits if pledge is invoked and on record date, the shares remain in pledgee's account.

7. How will the distribution of bonus shares for pledged shares happen?

If the shares are in pledged status on the record date, bonus shares are credited to pledgor's account with pledge marked in favour of the pledgee. Later when the pledge is closed, all the shares (including the bonus) will be credited to the pledgor's account as free balances. In case of invocation of pledge, all the shares (including the bonus) will be moved to pledgee's account.

8. What is Digital LAS facility?

Digital LAS (Loan Against Shares) is a facility enabled by NSDL for making the process of loan against shares online. Using this facility, a demat account holder can obtain finance (loan) against pledge of eligible securities held in demat account in favour of lending bank. For more information on this, you may check with a participating bank.

9. What is the difference between Pledge and Hypothecation?

In depository system, there is no difference between pledge and hypothecation except that pledge can be invoked by the lender (pledgee). Whereas, in case of hypothecation, for invocation to take place, consent of borrower (hypothecator) is also required.

Lending and Borrowing of Securities

1. What is the meaning of lending and borrowing of securities? How does it work?

Securities Lending and Borrowing Scheme (SLBS) is a mechanism by which short sellers can borrow the required securities on the stock exchange platform to meet their delivery obligations or as collaterals. This scheme is run by clearing corporations which are registered as 'Approved Intermediaries'.

Stockbrokers who register themselves as 'Participant' with the Approved Intermediary, may participate in SLBS for their own account or on behalf of their clients. Retail investors may participate in the scheme through their stockbroker as lender or borrower. Lending and borrowing are effected through the depository system on a T+ 1 settlement basis. SLBS is permitted in dematerialized form only.

2. What are benefits of lending and borrowing of securities?

SLBS is a market based system which helps to meet the temporary need of the securities. Short sellers may meet their delivery obligation or collateral requirement by borrowing the securities from the market. Lenders on the other hand are able to earn lending fee by lending the securities lying idle in their portfolio.

3. Can I lend the securities lying in my account?

Yes. You can lend your securities through your stockbroker who has registered itself as 'Participant' with the 'Approved Intermediary' (clearing corporation). You need to enter into a standard agreement with your stockbroker.

4. What is the period for which securities can be lend or borrowed?

The tenure of lending and borrowing may be between 1 to 12 months. However, lenders and borrowers do have the option of recall of securities and early return of securities, respectively.

5. Whether any security can be used for lending and borrowing?

No. Securities, which are available for trading in Futures and Options segment of the stock exchange, are available for lending and borrowing at present. The list of securities eligible under SLBS are periodically announced by the respective approved intermediaries.

6. How would I lend securities lying in my demat account?

You may place your order to your broker for lending the securities. Your broker will enter the order on the platform of the stock exchange. After successful execution of the order, you will need to give delivery instruction slip to your broker for the purpose of payin.

7. How would I get back the securities lent by me?

Borrower of securities may return the securities at the end of the agreed period of lending or before it (if foreclosure of transaction is permitted by approved intermediary for that security). Upon return, securities will be credited to your demat account through your broker or directly by the clearing corporation.

8. How would I receive the corporate benefits may accrue on the securities during the period of lending?

Securities in which there are corporate actions are subject to either foreclosure of transaction or adjustment depending on the type of corporate action. All transactions in case of corporate actions other than dividend and stock-split are foreclosed on the ex-date. In case of dividend, the dividend amount is collected from the borrower by clearing corporation and paid to the lender. In case of stock split, the position of the borrower is proportionately adjusted and the lender will receive the revised quantity on the reverse leg settlement date.

9. How can I borrow to fulfil my temporary need of securities?

You may place your order with your broker specifying the details like name and quantity of securities required, borrowing period). Your broker will enter your order in exchange platform. Upon receiving the pay-out, your broker will arrange the credit of securities in your demat account. You will need to return the borrowed securities at the end of period (or before it, if so desired and permitted by the approved intermediary).

Use of Power of Attorney for demat account

1. Can someone else operate my demat account on my behalf?

Yes. If you authorize any person to operate your demat account by executing a Power of Attorney (POA) in his / her favour and submit it to DP, that person can operate the account on your behalf. The demat account can be operated both by the account holder(s) as well as by the POA holder.

2. Is it necessary to give POA to my broker / DP?

No, giving POA is not mandatory. No broker or DP can insist for the same in order to provide its services. However, if you wish to opt of online trading facility offered by your broker, the broker may ask you to provide POA in its favour as per SEBI's guidelines.

3. What precautions should I take if I want to give POA to someone?

First, you must satisfy yourself on the need to give the POA. If you find it difficult to submit DIS to your DP, you may consider using the SPEED-e facility.

If you decide to give POA to anyone, please ensure that it is drafted to delegate the requisite powers for intended purposes only. It is better to avoid a general power of attorney. Further, as per SEBI's guidelines, POA given to stockbrokers can be used only for meeting the settlement obligations arising out of trades undertaken as per client's instructions.

4. I had given POA in favour of my broker. Now I do not want him to use it anymore. What should I do?

In addition to informing your broker about your intention, you need to give an application to your DP informing revocation of POA granted in favour of the broker. In the case of joint account holder(s), all account holders need to sign such application.

e-Services from NSDL

Riding on the developments happening in the technological fronts, NSDL has been constantly innovating and making more and more depository services available online. Some of these are described below –

SPEED-e

SPEED-e (pronounced as speedy) is an internet based facility offered by NSDL. It enables a demat account holder to give delivery, pledge and mutual fund redemption related instructions in electronic form, thus making the process quite fast, secure and efficient. This facility is available on computers (desktop / laptop) and password users may access the same on mobile phone also. Demat account holder can avail this service if his / her DP offers this service. List of DPs offering this service is available at <https://nsdl.co.in/speede-dps.php>.

1. How can I use SPEED-e facility?

This facility can be used by demat account holders who register themselves for this purpose. Your DP will help you in registering for the facility. After successful registration, you would be able to submit instructions online and monitor the status of such instructions. You will not need to fill-in and submit the physical instruction slips to your DP. For more information and registration, please visit <https://eservices.nsdl.com/>.

2. Whether I can transfer securities to any account of my choice if I am a SPEED-e user?

The delivery instructions which can be submitted on SPEED-e platform depends upon the kind of access you opt for. There are two options available – password user and e-token users.

Password user log in with password and can transfer securities only to six pre-specified broker accounts of his / her choice. e-token user log in with the help of e-token and is enabled to transfer securities to any demat account of his / her choice.

3. Is there any further benefit to the e-token users of SPEED-e facility?

Following are the additional benefits of e-token option in SPEED-e facility:

- a. Facility of multiple authorization, that is authorization of instruction by joint holders.
- b. You may freeze your demat account (entirely or partially). If account is frozen by SPEED-e user, then it can be unfrozen by the SPEED-e user only. Therefore, you may submit delivery instruction and transfer securities when you wish, lock the account and unlock it only when you need to, that is complete control of your account is in your hands.

4. Whether password user of SPEED-e can change the pre-notified brokers accounts?

Yes, the pre-notified brokers account, where transfer of securities is permitted to password users, can be changed by giving intimation to DP. These changes are effective after due authorization from your DP.

IDeAS

Internet based Demat Account Statement (IDeAS) is an internet based facility for demat account holders to view transactions that have happened in the demat account. It also enables account holders to view account balances along with respective valuation. Account holders can view / download month wise statement of transaction for previous 12 months. In case you have not been using this facility already, you may request your DP to register for the same or may do it yourself online at <https://eservices.nsd.com/>. This facility is completely Free for the account holders.

NSDL Mobile App

NSDL has developed an extremely useful mobile app for demat account holders. You may download this from Google Play Store or App Store. This App can be used to view balances and use NSDL e-Voting system online in a single sign-on. This App is completely Free for the account holders.

e-Voting

NSDL electronic voting (e-Voting) platform allows every shareholder to exercise voting rights online without the need to be physically present at the meeting location. e-voting service has been integrated with Speed-e as well as NSDL Mobile App. For more information, please visit <https://www.evoting.nsd.com/>.

Other Useful Services from NSDL

NSDL Consolidated Account Statement

NSDL sends Consolidated Account Statement (CAS) to every demat account holder for all his / her demat account(s) and mutual fund investment in Statement of Account form. The holdings are aggregated based on PAN of the first holder.

- a. This statement is sent every month if there is a transaction in the account during the month. If you have provided your email ID and consent to your DP, the statement will be sent to you by email.
- b. Statement also shows the price of each of your investment, aggregate portfolio value and graph showing changes in total portfolio value over the period.
- c. It also shows other details like whether your KYC is up to date, email ID and mobile number mentioned in your mutual fund folios, etc. If you notice any discrepancy or require an update, you may contact mutual fund company or its registrar.
- d. In case of non-receipt of statement or if you find any discrepancy in the statement, please contact your DP immediately or email at NSDL-CASfeedback@nsdl.co.in.

You should check the statement period and closing balance for each of your investment held in all your demat accounts and mutual fund folios.

NSDL has developed an online facility at <https://nsdlcas.nsdl.com/> to enable NSDL demat account holders to provide email ID directly

to NSDL to receive CAS through email (e-CAS) from NSDL. This facility can be used to change the email ID for receiving the e-CAS also.

SMS Alert Facility

1. What is SMS Alert facility?

NSDL helps demat account holders to monitor the important transactions happening in their account by sending SMS alerts on their mobile number registered in the demat account. As the alerts are sent by NSDL directly, they reflect the true status of the demat account. This facility is completely Free for demat account holders.

2. How do I register for SMS Alert facility?

In case you have not been using this facility already, you may register yourself simply by submitting a written request to your DP mentioning your mobile number. You will start receiving the alerts once your mobile number is successfully recorded and SMS flag for receiving SMS alerts option is enabled in depository system by your DP.

Those account holders who want to register their mobile number to DP but do not wish to avail this facility, may inform their DP to disable the SMS flag provided such accounts are not operated by Power of Attorney and are not Basic Service Demat Account.

3. For which transactions SMS Alerts are sent?

You will get SMS directly from NSDL for -

- a. All debit transfers
- b. Credits for IPO, sub-division and bonus
- c. Failed instructions
- d. Overdue instructions
- e. Change of mobile number
- f. Change of address
- g. Debit of mutual fund units
- h. Registration and de-registration of Power of Attorney
- i. Modification, cancellation / deletion of nominee name
- j. Pledge initiation, confirmation and invocation (to pledgor)
- k. Blocking of and debit of shares in respect of tender offer instruction.

For change of address, registration and de-registration of Power of Attorney in depository system, SMS alerts are sent to registered mobile phone irrespective of whether account holder has opted for this facility or not.

4. Why should I register for SMS Alert facility?

NSDL directly sends messages for many important transactions carried out in demat account to the registered mobile number. This acts as an effective monitoring method to safeguard your demat account.

5. What are the charges for availing this facility?

No charge is levied by NSDL on DPs for providing this facility to account holder.

6. I have provided my mobile number to DP at the time of opening demat account. Do I still need to register for this facility?

If you are not getting SMS alerts, you need to give a request to your DP to enable the SMS Alert flag in the depository system. Merely giving mobile number is not sufficient.

7. What should I do if I change my mobile number?

In case you change your mobile number, you just need to provide your new mobile number to your DP in writing. Once change is effected by DP in depository system, you will receive a message on your old as well as new mobile number in this regard. In case you are considering changing your mobile number, you may like to opt for mobile number portability by which you may change your service provider but retain the current mobile number.

8. Is it mandatory for me to register for SMS Alert facility?

No, except for individual accountholders who are having a Basic Service Demat Account and whose accounts are operated through Power of Attorney, this facility is not mandatory, but highly recommended. As the alerts are directly sent by depository, you are in position to monitor the important transactions happening in the account and take appropriate actions, if required.

Holding Mutual Fund Units in demat account

Mutual Fund units issued by any asset management company can be held in the demat account, like any other type of security. This helps you in monitoring all your investments at one place. Demat account holders may apply for NFO / SIP and request for credit in demat account directly.

1. What is the meaning of conversion of mutual fund units (represented by Statement of Account) into demat form?

If you are holding mutual fund units in physical form, which are represented by Statement of Account (SOA) and you want to hold them in demat form, you may do so by submitting a request in prescribed form to your DP. This is known as conversion of mutual fund units in demat form.

2. In case I do not have a demat account, what should I do?

In case you do not have a demat account and wish to convert your mutual fund investments in demat form, you need to open a demat account with any NSDL DP.

3. What are the advantages of holding mutual fund units in demat form?

- a. You receive a single consolidated account statement, which mentions all your investments in various securities including mutual fund units. You need not look at different statement received from mutual funds companies.

- b. Change in address recorded in your demat account gets registered with all the concerned issuer companies and mutual fund companies / Registrar and Transfer Agent (RTA). Thus, eliminating the need to correspond with each of them separately.
- c. By using facilities like IDeAS and NSDL Mobile App, you can monitor transactions and holdings in an extremely fast and efficient manner.
- d. You receive SMS alerts upon debit of mutual fund units from your demat account.
- e. You may opt for online redemption of mutual fund units by subscribing to SPEED-e facility.

4. What is the procedure for converting mutual fund units (represented by Statement of Account) into demat form?

You need to submit a duly filled in Conversion Request Form (CRF) to your DP along with the Statement of Account. After necessary checks, your DP will forward your request to concerned AMC / its Registrar. Upon confirmation from AMC / Registrar, mutual fund units will be credited in your demat account.

5. Can Non Resident Indians (NRIs) convert the mutual fund units held under NRI status into demat form?

Yes, provided demat account is opened under NRI status.

6. How can I subscribe for mutual fund units through stock exchange platform?

You need to simply give a subscription order to your stockbroker along with the required amount. Your broker will enter the request on the platform of stock exchange. Upon receipt of units from AMC / Registrar on the payout day, your broker / clearing corporation will arrange to credit of desired mutual fund units in your demat account.

7. How do I redeem the mutual fund units held in my demat account?

You may redeem your mutual fund units held in demat form through your DP or Stockbroker. SPEED-e users may submit redemption request online also.

8. What is the procedure to redeem the mutual fund units held in demat form through my DP?

You need to submit a duly filled in Redemption Form (RF) to your DP. After necessary checks, your DP will forward your request to concerned AMC / Registrar. After undertaking necessary verifications, redemption amount will be credited to your linked bank account directly by AMC / Registrar. You may give redemption request for a specific quantity or all the units or for a desired amount to your DP.

9. What is the procedure to redeem the mutual fund units held in demat form through stockbroker?

You need to give a redemption order to your stockbroker. In addition, you need to submit Delivery Instruction Slip to your DP to transfer the mutual fund units to the designated CM Pool account of NSE Clearing Limited / Indian Clearing Corporation Limited.

10. Can I transfer the mutual fund units from one demat account to another demat account?

Yes. You can transfer mutual fund units from your demat account to any other demat account of your choice (held with same or different DP / depository) except for mutual fund units which are under lock-in status for any reason.

Update / Changes in demat account

Having opened a demat account, there might be situations wherein the information furnished in the account opening form may undergo change. For example –

- a. Name of the account holder
- b. Address of account holder
- c. Bank account details
- d. Nominee or Power of Attorney holder
- e. Signature of account holder
- f. Email ID
- g. Telephone / mobile number

In any such situation, it is required that account holder provide the changed information to DP so that record of depository are updated and services can be continued without any interruption. Account holder needs to provide a duly signed written request to DP along with necessary supporting documents.

1. Can the name of accountholder be changed after opening the account?

Yes, name of the account holder in a demat account can be changed after opening of the demat account. The supporting documents required along with the written request depend upon the nature of change desired. If the change is required on account of any data entry error committed by the DP, then it can be corrected upon request from the concerned account holder or suo-moto by the DP, without any document asked from the account holder.

- a. In case of the minor corrections (such as spelling correction, abbreviation or expansion of initials), self-attested copy of any proof of identity document like PAN card, Passport, Voter's identity card, Aadhaar card, Driving license, NREGA card, containing the correct name is required. Account holder should also provide a confirmation that it is not a change in name of the individual for any reason including due to marriage, divorce, court order, etc. In case, an individual changes the spelling of its name for any reason including for numerology, etc., it will be considered as a change in name, and not a correction in name.

- b. In other cases of the change or correction in name, following documents are required –

Name change on account of marriage	Name change on account of reasons other than marriage
Marriage Certificate or copy of Passport showing husband's name or publication of name change in official gazette.	Publication of name change in official gazette.

For residents of Karnataka and Punjab, where publication of name change in official gazette may not be available, following documents may be provided –

- a. Sworn affidavit executed before the Notary Public / Magistrate of First Class / Executive Magistrate mentioning the reason for change of name and his complete address.
- b. Paper publication in one local newspaper and one national newspaper.
- c. Proof of Identity and Proof of address document in changed name.

Account holder should submit a self-attested copy of above document along with original for verification.

2. Can I change details of my bank account registered in demat account?

Yes. You may change bank account details registered in your demat account any time by submitting a written request to your DP. You will also need to provide supporting documents for your new bank account. For example, copy of passbook or account statement or cancelled cheque leaf, containing your name, bank account number, bank name, MICR code and IFSC.

3. What should I do if my address is changed? Do I need to write to each company separately?

In case your address is changed, you need to inform the new address to your DP. When DP enters the new address in the depository system, it will be automatically conveyed to all companies in which you hold shares / units etc.

4. How do I change my address with my DP?

You can change your address in the depository system by submitting a written request to your DP. Such a request should be signed by all the joint holders, if account is jointly held. Following documents should be submitted along with the request -

- a. Latest Transaction Statement of the demat account (not required if the client visits DP personally).
- b. Self-attested copy of any proof of identity document like PAN card, Passport, Voter's identity card, Aadhaar card, Driving license, NREGA card.
- c. Self-attested copy of any document as proof of new address Passport, Voter's identity card, Aadhaar card, Driving license.

You would be required to produce original document for the purpose of verification of photocopy by your DP. You or your authorized representative should sign the application once again in the presence of the officials of the Participant. Once the request for change in address is processed in the depository system, an email is sent by NSDL to the account holder(s) informing the update, in addition to intimation from the DP.

Availing Corporate Benefits in demat account

1. What is the importance of record date?

Record date is the date, which is taken as cutoff day by a company to consider the list of shareholders for the purpose of distribution of any type of corporate benefit. You would be entitled to receive the benefits as declared by the company if your name appears in the list of shareholders as on the 'record date'. Therefore, it is important for you to ensure that securities bought by you are transferred to your account by your broker before record date.

2. How would I get my dividend / interest or other cash entitlements?

The concerned company obtains the details of beneficiary holders from NSDL as on the record date. The due amount is credited to the linked bank account of the demat account holder directly by the company.

3. How would I get bonus shares if I am holding shares in demat form?

The concerned company obtains the details of beneficiary holders and their holdings from NSDL as on the record date. The number of shares you are entitled for, are credited to your demat account by the company / its RTA.

4. How do I confirm that bonus / rights entitlement credited in my demat account is correct?

An allotment advice is issued by the Issuer company / its RTA for bonus / rights entitlement. You should check the same with the demat account statement received by you. The quantity shown in the advice and account statement should match.

Charges for NSDL Services

1. What are the charges for account opening and other depository related transactions?

NSDL charges the DPs and not the demat account holders. NSDL's charges to its DPs are fixed. Complete details of NSDL charges payable by the DPs are available on <https://nsdl.co.in/joining/fee-payable-by-depository-participants.php>.

The DP charges its client for the services offered. The charges that the DP will be charging you for various services are mentioned in the 'Tariff Sheet' given to you at the time of account opening. You should keep a copy of this for your future reference. If your DP wants, it may change the charges by giving you 30 days' notice.

Taking Care of Your demat account

1. Is it right not to mention execution date on DIS?

No. You should not submit delivery instruction slips (DIS) to your DP without mentioning the execution date. It should be the date on which you wish your account to be debited for the mentioned security and quantity thereof. In case of market instruction, it must be well within the date of payin. For off-market transfers, it may be a future date of your choice.

2. How will I know that my DP has updated my account after each transaction?

You will get account statement showing the transactions and balances periodically to help you to monitor the happenings in your account. You may also monitor the same by using facilities like SMS alerts, IDeAS and Mobile App.

3. At what frequency I should receive my demat account statement?

NSDL provides a consolidated account statement to you at monthly intervals (at quarterly intervals for BSDA holders) if there are transactions in the given month (quarter). In case there is no transaction in the account, or if the balance has become Nil during the year, the statement is sent annually to such clients.

4. What should I do if there is any discrepancy in my account statement?

In case of any discrepancy in the account statement, you must immediately contact your DP. If the discrepancy cannot be resolved at the DP level, you should approach NSDL.

5. What to do if I lose my account statement?

There is no need to worry. You may simply request NSDL to provide your statement for the desired period once again. You may find it convenient to opt for e-CAS to ensure that statement is not lost or misplaced during transit. Using facilities like IDeAS and Mobile App you may view / download account statement as and when you want.

6. What is meant by Freezing the account? How can I do this?

Any transaction in the demat account is possible only upon a valid instruction from the account holder. In addition, the entries in the depository software at DP's end are possible through a maker checker system. Still in order to prevent any undesired transaction happening in the account, demat account holder may opt to freeze his / her demat account by submitting a written request to DP. The following types of freeze are available -

- a. Freeze for debits only - A demat account holder may freeze the account only for debits by submitting a freeze instruction to its DP. However, during the period of freeze, the account holder will continue to receive

credits like bonus or credits arising out of any other corporate action.

- b. Freeze for debits as well as credits - An account holder may freeze the account for debits as well as credits. No debits and credits can be made in the account, unless the account holder issues unfreeze instruction. This facility is beneficial to clients who do not use their account for long period. By freezing their account for debits and credits, they can avoid undue credits to their accounts in addition to preventing debits.
 - c. Freeze particular ISIN(s) in the account - An account holder may freeze a particular ISIN(s) (security of a specific company) either for 'debit' or 'debit & credit', without freezing the whole account. If this type of freeze facility is used, all other securities in the account can be debited or credited but the securities under the specific ISIN(s) will be frozen for 'debit' or 'debit & credit' respectively. The client will be able to use other securities lying in its demat account and also receive credits in the ISIN which has been frozen only for debit.
 - d. Freeze a specific number of securities held under an ISIN in an account. An account holder may freeze a specific quantity of a specific security in an account.
7. What will happen if my DP goes bankrupt or stops operation?

In a rare event of your DP going bankrupt or closing its operations, the interests of the demat account holders are fully protected. In such a situation, you would be given

option to transfer your balances to any other DP of your choice or rematerialize the same.

8. What precautions does NSDL take to protect the data in the depository system?

Data security and data integrity are considered critical and given highest importance by NSDL. NSDL follows highest standards in this regard. DPs are also required to follow the best practices to ensure that clients' data and assets remain protected.

Following are some of the measures adopted by NSDL in this regard -

- a. Stringent requirement of daily back up of data at DP level as well as depository level.
- b. Backup is stored locally and also at a remote site by DPs and depository both on a daily basis.
- c. NSDL maintains a backup site as well as a Disaster Recovery Site to ensure continuing of operations in any case of disruption.
- d. Best industry practices are followed with respect to data handling and cyber security framework.
- e. Fall back mechanism for critical equipment, communication systems and utilities used for depository infrastructure.
- f. Data is stored in state of art data center managed by professional and qualified specialists.

- g. Logical and physical access barriers are adopted at various levels.
 - h. Maker checker system is followed for critical data entry in depository system.
 - i. NSDL has obtained ISO – 27001 certification (for Information Security Management) and ISO 22301:2012 certification (for Business Continuity Management Systems), indicating compliance with best industry practices.
9. How does NSDL ensure that its DPs adhere to the stipulated requirements?

All the DPs are subjected to NSDL inspection at least once in a year. In addition, they need to engage an independent and qualified auditor to undertake audit of their depository operations. Report of such audit should be forwarded to NSDL, twice a year. DPs are also inspected by SEBI.

10. Is NSDL regulated by any government authority?

NSDL has been authorized to act as a securities depository by SEBI. NSDL is subject to periodical inspection by SEBI in addition to other applicable audits as per Companies Act, 2013.

11. Is there any insurance cover taken for depository operations?

NSDL obtains an insurance cover on behalf of all the DPs.

More Information

Claiming refund for dividend / shares not received

All dividends and shares, which remain unpaid or unclaimed for seven consecutive years due to any reason, are transferred by respective companies to Investor Education and Protection Fund (IEPF) Authority. IEPF Authority is a statutory body, constituted under the provisions of Companies Act, 2013.

Investor or his / her authorized representative need to submit claim to IEPF Authority to receive unpaid dividend and/or unclaimed shares. After verification of the claim, company confirms the claim to IEPF authority, which then initiates refund to claimant in his / her linked bank account through electronic transfer. In case the claim is for shares, they are credited to demat account specified in the claim form. The complete process and documents required are shown in the diagram number 8 below. One applicant can file one claim form for each company in one financial year. For more information, please visit <http://www.iepf.gov.in/>. It is important to know that all companies need to publish details of unclaimed shares and dividend on their website.

Claim Procedure

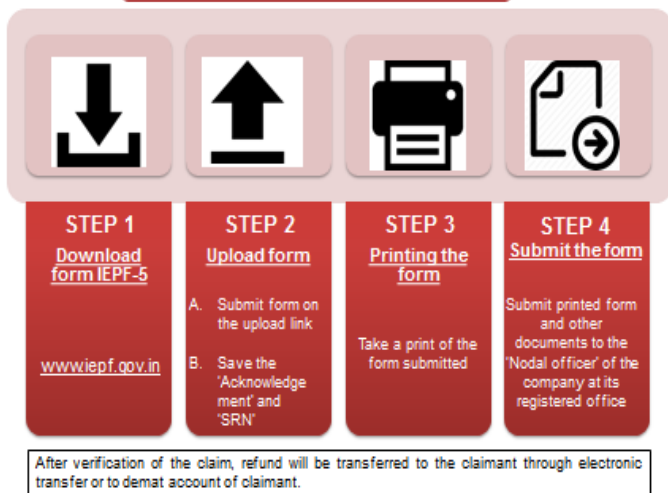


Diagram 8

Demat Mandatory for Transfer of Securities

SEBI has mandated that w.e.f. April 1, 2019 any transfer of securities of listed companies will only be in demat form. In other words, if you are holding shares of a listed company in physical form and want to transfer it someone else, you will be able to do so only after converting them into demat form, from April 1, 2019. From this date, only transmission (that is transfer of shares in case of death of the shareholder) and transposition (that is change in order of the names of the shareholders) will be permitted for shares etc. held in the physical form. It is therefore beneficial to open a demat account and have your shares converted into demat, as early as possible.

Demat Mandatory for Unlisted Public Companies

Ministry of Corporate Affairs (MCA) had issued a notification on September 10, 2018 prescribing that unlisted public limited companies are required to join depository system and make their shares available for demat. Further issuance of shares by these companies will be possible only in demat form. Both these requirements are effective from October 2, 2018. Holders of shares in such companies may convert their holdings in demat form and avail the associated benefits. It may be noted that if you already have a demat account, you need not to open another demat account for holding these shares. Your investments held in paper form can be converted into demat form in the same demat account, provided the pattern of holdings is same.

Investor Awareness Programs

NSDL organizes investor awareness programs all over the country. The schedule of such programs is available at <https://nsdl.co.in/Investor-Awareness-Programmes.php>. If you would like to organize investor awareness program in your housing society, institute, company or city, do write to us at info@nsdl.co.in.

NSDL Newsletter for Investors

NSDL publishes a monthly newsletter 'The Financial Kaleidoscope' to keep investors and demat account holders updated about various products / services of NSDL and other important features of depository. You may subscribe to it by providing your email ID at <https://nsdl.co.in/e-newsletter.php>.

All the previous issues of this newsletter are available for your reading at <https://nsdl.co.in/publications/nest.php>.

Grievance Redressal

SEBI as well as NSDL both have a formal system to address the complaints or grievances that an investor may have. It may be better to take up the matter first with your stockbroker / DP in case of any problem or complaint. Contact details of your stockbroker / DP can be found in the documents provided by them or on their websites. In case you are not satisfied with the resolution provided by them or they do not provide any resolution within the timeframe, you may escalate the matter to respective stock exchange or Depository. Alternatively, you may lodge the same with SEBI online at <https://scores.gov.in/scores/Welcome.html>.

You may also write to NSDL in respect of issues / complaints pertaining to your demat account at the postal address given in this booklet.

Other Investor Centric Services

National Skills Registry (NSR)

NSR is a web-based system hosting fact sheet of information about existing and prospective employees of Indian IT & ITeS / BPO industry. It is a NASSCOM initiative. For more information, please visit <https://nationalskillsregistry.com/>.

KYC Registration Agency (KRA)

Upload and download of centralized KYC records of investors. For more information, please visit <https://kra.ndml.in/>.

National Academic Depository (NAD)

Digitized authentic academic certificates accessible to students, verifiers and academic institution. For more information, please visit <https://nad.ndml.in/>.

NIR account (e-Insurance Account)

NDML has setup National Insurance Repository (NIR) on behalf of Insurance Regulatory and Development Authority of India (IRDAI). It facilitates holding of all type of insurance policies in electronic form in a single e-Insurance Account (e-IA) and enables the insured to access all insurance policies with a single log in. This account can be opened free of cost. For more information, please visit <https://www.nir.ndml.in/>.

Above services are offered by NSDL Database Management Limited (NDML), which is a 100% company of NSDL.

Contact NSDL

- For any query or complaint - <https://www.epass.nsdl.com/epass/complaints/websitcomplaints.aspx>
- Email ID for Grievance / Complaints - relations@nsdl.co.in
- Email ID for Other Information / Clarification - info@nsdl.co.in
- Toll free helpline for demat account holders – 1800 222 990

NSDL Offices

Head office	Trade World, A wing, 4 th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 Phone - (022) 24994200
Branch offices	
Ahmedabad	402, 4 th Floor, Heritage Horizon, Off C. G. Road, Navrangpura, Ahmedabad - 380009 Phone - (079) 26461375

Bengaluru Office No. 106,
DBS house 26,
Cunningham Road,
Bengaluru – 560052

Phone - (080) 40407106

Chennai	6A, 6 th Floor, Kences Towers, #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai – 600017 Phone - (044) 2814 3917 /11
Hyderabad	Office No. 123, Hyderabad Regus Mid-Town, 1 st Floor, Mid Town Plaza, Road No. 1, Banjara Hills, Hyderabad – 500033 Phone - (040) 44334178
Kochi	Suite No. S - 105, Monlash Business Center, 4 th Floor, Crescens Tower, NH 47, Changampuzha Nagar Post, Kochi – 682033 Phone - (0484) 2933075
Kolkata	Unit 2E, 2 nd Floor, The Millenium, 235/2A, A.J.C. Bose Road, Kolkata – 700020 Phone - (033) 22904243 (033) 22904246

New Delhi	Unit No. 601, 603, 604, 6 th Floor, Tower - A, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi – 110001 Phone - (011) 23353814 (011) 23353815
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Useful Links

<http://www.ncfe.org.in/>

<https://investor.sebi.gov.in/>

<https://www.irdai.gov.in/>

<https://www.nism.ac.in/>

<https://www.pfrda.org.in/index1.cshtml?Isid=854>

<https://www.rbi.org.in/FinancialEducation/Home.aspx>

www.nsdl.co.in

Abbreviations used

BSDA	Basic Services Demat Account
BSE	BSE Limited (earlier known as Bombay Stock Exchange Limited)
CAS	Consolidated Account Statement
CKYC	Central KYC
CRF	Conversion Request Form
DIS	Delivery Instruction Slip
DP	Depository Participant
DRF	Dematerialization Request Form
G-Sec	Government Securities
IDeAS	Internet based Demat Account Statement
IEPF	Investor Education and Protection Authority
IFSC	Indian Financial System Code
IPO	Initial Public Offer
IRDAI	Insurance Regulatory and Development Authority of India Limited
ISIN	International Securities Identification Number
KRA	KYC Registration Agency
KYC	Know Your Customer
LAS	Loan Against Shares
NAD	National Academic Depository
NDML	NSDL Database Management Limited
NFO	New Fund Offer
NIR	National Insurance Repository
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSR	National Skills Registry
PAN	Permanent Account Number
POA	Power of Attorney
RRF	Rematerialization Request Form

RTA	Registrar to an Issue and Share Transfer Agent
SEBI	Securities and Exchange Board of India
SGB	Sovereign Gold Bond
SIP	Systematic Investment Plan
SLBS	Securities Lending and Borrowing Scheme
SMS	Short Messaging Service
SOA	Statement of Account

This publication is an initiative of NSDL Investor Protection Fund Trust.

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If you notice any error or inaccuracy in this booklet, kindly bring it to our attention by writing at info@nsdl.co.in.

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