

MADRAS STOCK EXCHANGE LIMITED

WELCOME TO
DP SESSION

THE CONCEPT OF DEMAT ACCOUNT

SCRIPTLESS TRADING

- INTRODUCED IN 90S
- TRADING WITHOUT PHYSICAL POSSESSION OF SHARE CERTIFICATES ON HAND
- ELECTRONIC SHARES CREDITED TO INVESTORS "DEMAT" ACCOUNT.
- DELIVERY TO MARKET BY "DELIVERY INSTRUCTION" SLIPS AKIN TO BANK CHEQUE BOOKS.
- PERIODICAL ACCOUNT STATEMENTS PROVIDED TO INVESTORS LIKE A BANK PASS BOOK / STATEMENT

BENEFITS OF DEMATERIALISATION

- ❖ **ELIMINATES THEFT, LOSS, FIRE OF PHYSICAL CERTIFICATES.**
- ❖ **ELIMINATES BAD DELIVERIES.**
- ❖ **ELIMINATES STAMP DUTY.**
- ❖ **EFFECTS IMMEDIATE TRANSFER OF SECURITIES.**
- ❖ **FASTER SETTLEMENT CYCLES.**
- ❖ **FASTER RECEIPT OF SECURITIES IN CASE OF BONUS/SPLIT/MERGER etc.**
- ❖ **FACILITATES RECORDING OF CHANGE OF ADDRESS, BANK PARTICULARS, NOMINATION BY SINGLE ADVICE TO DP.**

DEPOSITORIES IN INDIA

❖ **NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL) – 1996.**

❖ **CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL)- 1999**

❖ **BOTH ARE COMING UNDER SEBI-DEPOSITORIES ACT**

WHO IS DP?

- ❖ **SERVICES OF DEPOSITORIES EXTENDED THROUGH ITS AGENTS ARE CALLED DEPOSITORY PARTICIPANTS (DP).**
- ❖ **MSE, PSU BANKS, PRIVATE BANKS, OTHERS**

SIMILARITIES BETWEEN BANK AND DP

BANK	DP
ACCOUNT OPENING- SOLE/JOINT	ACCOUNT OPENING-SOLE/JOINT
SAFE KEEPING OF MONEY IN ELECTRONIC FORM	SAFE KEEPING OF SECURITIES IN ELECTRONIC FORM
ISSUING CHEQUE BOOK TO THE CLIENT	ISSUING DELIVERY INSTRUCTION BOOK TO THE CLIENT
ACCEPTING DEPOSITS FROM CLIENT BY WAY OF CASH / CHEQUE	ACCEPTING PHYSICAL SHARES FOR DEMATERIALISATION
NO DENOMINATION IN THE STATEMENT	NO FOLIO,CERTIFICATE, DISTINCTIVE NUMBER IN THE HOLDING STATEMENT

SIMILARITIES BETWEEN BANK AND DP

BANK	DP
TRANSFERRING THE FUNDS TO ANOTHER ACCOUNT BASED ON CHEQUE ISSUED BY CLIENT	TRANSFERRING THE SECURITIES TO ANOTHER ACCOUNT BASED ON DELIVERY INSTRUCTION SLIP
ANY TIME WITHDRAWAL OF CASH	ANY TIME REMATERIALISATION OF ELECTRONIC SHARES
LOAN FACILITY AGAINST DEPOSITS	PLEDGING FACILITY ON HOLDINGS

BASIC DIFFERENCE BETWEEN BANK AND DP

BANK	DP
CONTROLLED BY RBI	CONTROLLED BY DEPOSITORIES AND SEBI
MINIMUM BALANCE IS REQUIRED	MINIMUM BALANCE IS NOT REQUIRED
ANY ONE OF THE JOINT HOLDER CAN SIGN THE CHEQUE / WITHDRAWAL SLIP	ALL THE JOINT HOLDERS SHOULD SIGN THE DOCUMENTS
CHEQUE IN FAVOUR OF ANOTHER PERSON, THE CHEQUE TO BE DEPOSITED IN THE RECEIVER'S BANK	TRANSFERRING THE SECURITIES TO OTHER CLIENT, THE DELIVERY INSTRUCTION SLIPS TO BE HANDED OVER TO HOLDERS DP

BASIC DIFFERENCE BETWEEN BANK AND DP

BANK	DP
BANK IS ENTITLED TO USE THE DEPOSITS	DP IS NOT ENTITLED TO USE THE SECURITIES
ADDITION OR DELETION OF NAME(S) OF ONE OR MORE ARE PERMITTED	ADDITION OR DELETION OF NAME(S) ARE NOT PERMITTED

HOW TO OPEN A DEMAT ACCOUNT ?

WHO CAN OPEN A ACCOUNT ?

INVESTORS COULD BE AN

- ❖ INDIAN RESIDENT
- ❖ MINOR
- ❖ NRI
- ❖ CORPORATES
- ❖ FI'S
- ❖ FII'S
- ❖ MUTUAL FUNDS
- ❖ TRUSTS, ETC.

ACCOUNT OPENING - INDIVIDUAL INVESTORS

- ❖ **APPROACH DP**
- ❖ **FILL THE ACCOUNT OPENING FORM**
- ❖ **AFFIX A PASS-PORT SIZE PHOTO**
- ❖ **EXECUTE AN AGREEMENT BETWEEN DP AND BO.**
- ❖ **COST AROUND Rs.375/=**
- ❖ **ATTACH DOCUMENTS SPECIFIED.**

DOCUMENTS TO BE SUBMITTED

- **COPY OF PHOTO PAN CARD**
- **PHOTO PAN CARD FOR ALL JOINT HOLDERS**
- **CANCELLED CHEQUE LEAF**
- **BANK PASSBOOK FRONT PAGE COPY**
- **COPY OF PROOF OF IDENTITY**
- **COPY OF PROOF OF ADDRESS**

- ❖ **ALL COPIES TO BE SELF ATTESTED**
- ❖ **ORIGINALS TO BE PRODUCED FOR VERIFICATION.**
- ❖ **IN PERSON VERIFICATION MUST FIRST TIME.**

ACCOUNT OPENING - INDIVIDUAL INVESTORS

- ❖ **NOMINATION FACILITY AVAILABLE.**
- ❖ **ACCOUNT WILL BE OPENED IN 24 HOURS.**
- ❖ **DP WILL INTIMATE THE ACCOUNT NUMBER.**

- ❖ **DP WILL SEND THE NECESSARY DOCUMENTS SUCH AS COPY OF THE AGREEMENT, TARIFF CARD, DELIVERY INSTRUCTION BOOK, CLIENT MASTER, ETC. IN A WEEK'S TIME**

ACCOUNT OPENING

- MINOR ACCOUNT

- **SAME FORMALITIES AS ABOVE**

- **IN ADDITION TO THAT :**

- 1. DATE OF BIRTH CERTIFICATE**

- 2. POI AND POA OF THE GUARDIAN**

- 3. PASSPORT SIZE PHOTO OF MINOR & GUARDIAN**

- 4. GUARDIAN WILL EXECUTE THE DOCUMENTS ON BEHALF OF THE MINOR**

ACCOUNT OPENING

-HUF ACCOUNT

❖ FORMALITIES AS PER INDIVIDUAL ACCOUNT

❖ IN ADDITION TO THAT :

**1. DECLARATION OF THE FAMILY MEMBERS
(NAME, SEX, DOB, RELATIONSHIP WITH KARTA)**

**2. KARTA SHOULD SIGN ACCOUNT OPENING
FORM UNDER THE STAMP OF HUF**

**3. PHOTO PAN CARD OF KARTA & PAN CARD OF
HUF**

ACCOUNT OPENING

- CORPORATE

❖ BOARD RESOLUTION TO OPEN AN ACCOUNT AND FOR AUTHORISED SIGNATORIES.

❖ LIST CONTAINING NAMES OF AUTHORISED SIGNATORIES AND THEIR SPECIMEN SIGNATURES DULY VERIFIED AND SIGNED BY THE MANAGING DIRECTOR/COMPANY SECRETARY

❖ MEMORANDUM AND ARTICLES OF ASSOCIATION.

❖ PASSPORT SIZE PHOTO OF EACH AUTHORISED SIGNATORIES.

❖ PHOTO PAN CARD OF AUTHORISED SIGNATORIES AND COMPANY

*ACCOUNT OPENING
- CORPORATE*

- ❖ **CANCELLED CHEQUE LEAF AND BANK STATEMENT IN ORIGINAL OR ATTESTED COPY**
- ❖ **ADDRESS PROOF**

ACCOUNT OPENING

- NRI

- ❖ **AS PER INDIVIDUAL ACCOUNT, IN ADDITION TO THAT**
- ❖ **PROOF OF FOREIGN ADDRESS AND INDIAN ADDRESS.**
- ❖ **POWER OF ATTORNEY, IF ANY.**
- ❖ **COPY OF PASSPORT.**

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***ACCOUNT OPENING
-CLEARING MEMBER***

❖ AS PER CORPORATE ACCOUNT

❖ IN ADDITION TO THAT:

**❖ TRUE COPY OF SEBI REGISTRATION CERTIFICATE CERTIFIED
BY THE M D/ SECRETARY.**

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ACCOUNT OPENING

- POWER OF ATTORNEY

❖ INVESTOR MAY ISSUE GENERAL OR SPECIFIC POA TO OPERATE THE DEMAT ACCOUNT.

❖ POA MUST BE DULY NOTORISED.

TRANSACTIONS IN DEMAT ACCOUNT

TYPES OF TRANSACTIONS

1. **DEMATERIALISATION**
2. **REMATERIALISATION**
3. **TRANSPOSITION CUM DEMAT**
4. **ON MARKET TRANSACTION**
5. **OFF-MARKET TRANSACTION**
6. **INTER-DEPOSITORY TRANSACTION**
7. **PLEDGING**
8. **UNPLEDGING**
9. **TRANSMISSION**
10. **SHIFTING OF ACCOUNT TO ANOTHER DP**

DEMATERIALIZATION

**HOW TO CONVERT THE PHYSICAL HOLDINGS
INTO DEMAT FORM ?**

- ❖ **SUBMIT ORIGINAL CERTIFICATES ALONG
WITH DEMAT REQUEST FORM (DRF)**
- ❖ **SIGANTURE OF ALL THE HOLDERS IN THE DRF**
- ❖ **DP FORWARD THE SAME TO COMPANY/RTA**
- ❖ **DEMAT ACCOUNT CREDITED WITH SHARES**

TRANSPOSITION CUM DEMAT

- ❖ **BO HAS TO SUBMIT TRANSPOSITION FORM TO THE DP ALONG WITH THE DRF AND ORIGINAL CERTIFICATES**
- ❖ **DP WILL FORWARD THE SAME TO THE COMPANY/RTA.**

OFF MARKET TRANSFER

**❖ TRANSFERRING SECURITIES BETWEEN TWO
CLIENTS/CLIENT TO CM/CM TO CLIENT WITHIN
SAME DEPOSITORY**

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INTER DEPOSITORY TRANSFER

**TRANSFERRING SECURITIES TO ANOTHER
CLIENT/CM HAVING ACCOUNT WITH OTHER
DEPOSITORY**

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ON MARKET

**TRANSFERRING SECURITIES DIRECTLY
TO THE CLEARING CORPORATION FROM
CLIENT**

YOU WANT TO BORROW AGAINST YOUR
SHARES?

PLEDGING FACILITY IS AVAILABLE

PLEDGING AND UNPLEDGING

BOTH PLEDGOR AND PLEDGEE SHOULD HAVE ACCOUNT WITH SAME DEPOSITORY.

❖ BOTH SHOULD EXECUTE AN AGREEMENT BETWEEN THEM.

❖ THE PLEDGOR SHOULD SUBMIT THE PLEDGE REQUEST FORM TO THE DP IN FAVOUR OF PLEDGEE.

PLEDGING AND UNPLEDGING

- ❖ **PLEDGOR DP WILL INITIATE PLEDGE SETUP.**
- ❖ **PLEDGEE DP WILL ACCEPT THE PLEDGE.**
- ❖ **THE SECURITIES WILL NOT BE MOVED TO THE PLEDGEE AND IT WILL BE IN BLOCKED STATUS IN PLEDGOR'S ACCOUNT**

PLEDGING AND UNPLEDGING

- ❖ **PLEDGOR SHOULD SUBMIT UNPLEDGE REQUEST FORM TO THE DP.**
- ❖ **PLEDGOR DP WILL INITIATE UNPLEDGE SETUP.**
- ❖ **PLEDGEE DP WILL ACCEPT THE UNPLEDGE.**
- ❖ **THE SECURITIES WILL BE IN FREE BALANCE.**

REMATERIALISATION

- ❖ BO CAN REMATERIALISE THEIR HOLDINGS AT THEIR CONVENIENT.**
- ❖ BO SHOULD SUBMIT RRF TO THE DP**
- ❖ DP WILL FORWARD THE RRF FORM ALONG WITH CLIENT MASTER TO THE COMPANY/RTA.**
- ❖ COMPANY/RTA WILL DEBIT THEIR ACCOUNT AND SEND A PHYSICAL CERTIFICATE TO BO DIRECTLY.**

TRANSMISSION

❖ IF THE DECEASED BO HAS NOMINATED A PERSON, THE NOMINEE SHALL BE ENTITLED TO TRANSMIT OF SECURITIES.

❖ THE NOMINEE CAN TRANSMIT THE SHARES TO THE EXISTING ACCOUNT IN INDIVIDUAL CAPACITY OR SHOULD OPEN AN ACCOUNT WITH SAME DEPOSITORY

TRANSMISSION

❖ DOCUMENTS TO BE SUBMITTED BY NOMINEE :

1. DULY FILLED TRANSMISSION FORM.

2. NOTORISED COPY OF DEATH CERTIFICATE.

**3. CLIENT MASTER OF EXISTING OR NEW
ACCOUNT OPENED BY NOMINEE.**

***TRANSMISSION
- SOLE HOLDER***

❖ IF THE DECEASED BO HAS NOT MADE ANY NOMINATION, THE CLIENT SHOULD SUBMIT THE FOLLOWING DOCUMENTS

1. DULY FILLED TRANSMISSION FORM

**2. NOTARISED COPY OF DEATH
CERTIFICATE**

*TRANSMISSION
- SOLE HOLDER*

**3. SUCCESSION CERTIFICATE OR A PROBATE
OF THE WILL.**

**4. IN CASE OF MULTIPLE SUCCESSORS, EACH
OF THEM SHOULD SUBMIT SEPARATE
TRANSMISSION FORM.**

5. CLIENT MASTER.

TRANSMISSION - JOINT HOLDER

❖ THE SURVIVING JOINT HOLDER SHALL SUCCEED TO THE SECURITIES STANDING IN TO THE CREDIT OF AN ACCOUNT EVEN IF THE DECEASED JOINT HOLDER HAS NOMINATED A PERSON.

❖ DOCUMENTS TO BE SUBMITTED

1. DULY FILLED TRANSMISSION FORM.

2. NOTARISED COPY OF DEATH CERTIFICATE.

**3. CLIENT MASTER OF THE SURVIVING THE
JOINT HOLDER.**

*TRANSMISSION
- INSOLVENT BO*

❖ IN CASE THE BO IS DECLARED AS ADJUDICATED AS INSOLVENT OR INCAPABLE TO OPERATE HIS ACCOUNT, THE DP SHOULD TRANSMIT THE SECURITIES TO ANY OTHER ACCOUNT AS MAY BE ORDERED ON THE PRODUCTION OF THE CERTIFIED COPY OF THE ORDER PASSED BY THE COURT

SHIFTING OF ACCOUNT

SHIFTING HIS/HER ACCOUNT FROM ONE DP TO ANOTHER DP WITHOUT ANY COST INVOLVING.

THE NAME SHOULD BE IDENTICAL

DOCUMENTS TO BE SUBMITTED TO THE DP

- 1. INSTRUCTION SLIPS FOR THE BALANCE LYING IN HIS/HER ACCOUNT**
- 2. ACCOUNT CLOSURE FORM**
- 3. CLIENT MASTER FOR THE FRESH ACCOUNT ATTESTED BY THE DP**

ACCOUNT CLOSURE

- *BO*

❖ **ENSURE NO SHARE BALANCE IN THE ACCOUNT**

❖ **BO SHOULD SUBMIT ACCOUNT CLOSURE FORM TO THE DP AND UNUSED INSTRUCTION SLIPS.**

ACCOUNT CLOSURE

- DP

THE DP HAS THE RIGHTS TO CLOSE THE ACCOUNT.

❖ NON PAYMENT OF DUES.

❖ GIVING THIRTY DAYS NOTICE TO THE BO'S.

ADDITIONAL FACILITIES

• **DIRECT ACCESS TO YOUR ACCOUNT:**

EASI / EASIEST - CDSL

SPEEDE – NSDL

SMS ALERT

(WWW.CDSLINDIA.COM)

(WWW.NSDL.CO.IN)

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THANK YOU