Handbook for NSDL
Depository Operations Module

Core Services

National Securities Depository Limited

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Volume 3

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CHAPTER 8

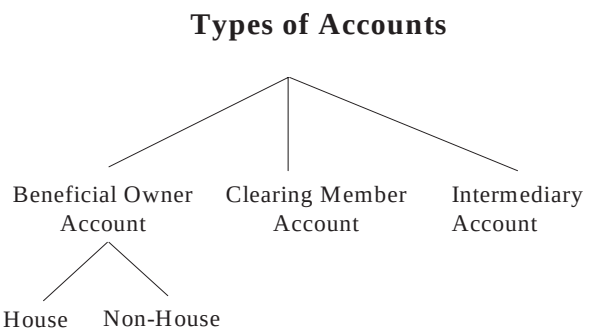
Account Opening

Any investor who wishes to avail depository services must first open an account with a depository participant of NSDL. The process of opening a demat account is very similar to a bank account. The investor can open an account with any depository participant of NSDL. An investor may open an account with several DPs or he may open several accounts with a single DP. There are several DPs offering various depository-related services. Each DP is free to fix its own fee structure. Investors have the freedom to choose a DP based on criteria like convenience, comfort, service levels, safety, reputation and charges. After exercising this choice, the investor has to enter into an agreement with the DP. The form and contents of this agreement are specified by the Business Rules of NSDL. In this chapter we deal with the procedure for account opening under the NSDL system.

Types of Accounts

Type of depository account depends on the operations to be performed. There are three types of demat accounts which can be opened with a depository participant viz. (a) Beneficiary Account (b) Clearing Member Account and (c) Intermediary Account.

Figure 6



- A DP may be required to open three categories of accounts for clients - Beneficiary Account, Clearing Member Account and Intermediary Account.
- A Beneficiary Account is an ownership account. The holder/s of securities in this type of account own those securities.
- The Clearing Member Account and Intermediary Account are transitory accounts. The securities in these accounts are held for a commercial purpose only.
- A Clearing Member Account is opened by a broker or a Clearing Member for the purpose of settlement of trades.
- An Intermediary Account can opened by a SEBI registered intermediary for the purpose of stock lending and borrowing.

Beneficiary Account

This is an account opened by investors to hold their securities in dematerialised form with a depository and to carry out the transactions of sale and purchase of such securities in bookentry form through the depository system. A beneficiary account holder is legally entitled for all rights and liabilities attached to the securities (i.e. equity shares, debentures, overnment

securities, etc.) held in that account. Therefore, the account is called beneficial owner account". A beneficiary account can be in the name of an individual, corporate, Hindu Undivided Family (HUF), minor, bank, financial institution, trust, etc. or the broker himself for the purpose of his personal investments in demat form. The account is opened with a DP.

A new sub-type viz. "Margin Account" has been added to the Client types viz.; 'Resident' and 'Body Corporate' under Client Maintenance Module in DPM Application Software (DPMAS). The new sub-type "Margin Account" is added to enable Clearing Members (CMs) to open beneficiary accounts to hold securities for client margin purposes.

New sub-types are also added to enable promoters to separately hold securities issued as "Promoter" of the company.

House account vs. non-house account - An account opened by a DP for the custody of and transactions in its own investments is referred to as a **house account**, and all other beneficiary accounts are referred to as **non-house account**. DPs are required to open house accounts for their own investments to prevent co-mingling of their assets with that of their clients.

Neither the Depositories Act nor the regulations made under the Act lay down any specifications about who can open a beneficiary account. Since all beneficial owners are deemed to be members of a company (under section 41(3) of the Companies Act), only those who are eligible to become members of a company under the Companies Act, can open a beneficiary account with a depository. Thus, all legal entities with the exception of partnership firms can open an account in the depository system.

Documents for Verification

I. Non-body Corporate Investors : For the purpose of verification, all non-body corporate investors have to submit the following documents, as prescribed by SEBI, alongwith the stipulated account opening form.

A beneficiary account must be opened only after obtaining a proof of identity and address of the applicant. An authorised official of the Participant should verify the photocopies of any of following documents submitted with their corresponding originals and put his/her signature on them with remarks "verified with original" before proceeding to open the account.

(a) Proof of Identity (POI)-

I. Passport

II. Voter ID Card

III. Driving license

IV. PAN card with photograph

V. MAPIN card (SEBI vide its Circular No. MRD/DoP/Cir-08/2007 dated June 25, 2007 has communicated its decision to discontinue with the requirement of Unique Identification Number (UIN) under the SEBI (Central Database of Market Participants) Regulations **2005 (MAPIN regulations)/circulars.**

VI. Identity card/document with applicant's Photo, issued by

a) Central/State Government and its Departments,

b) Statutory/Regulatory Authorities,

c) Public Sector Undertakings,

d) Scheduled Commercial Banks,

e) Public Financial Institutions,

f) Colleges affiliated to Universities **(this can be treated as valid only till the time the applicant is a student),**

g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and

h) Credit cards/Debit cards issued by Banks.

(b) Proof of address (POA) -

I. Ration card

II. Passport

III. Voter ID Card

IV. Driving license

V. Bank passbook

Bank passbook is one of the Proof of Address (POA) being submitted by applicant(s) to the DP at the time of opening depository account. In this regard, procedure is as follows,

(i) Computer generated original bank statement:

DPs may accept the computer generated original bank statement as POA if neither obtaining the copy of bank passbook nor attestation (stamp and signature) of the authorised official of the bank on the original bank statement is feasible. Provided such original bank statement is printed on the stationery of the bank,

carries logo & name of the bank, displays the name, address and bank transactions/holdings of the Client for the latest quarter ending.

(ii) Computer generated bank statement on plain paper:

DPs may accept the computer generated bank statement which is printed on a plain paper as POA provided it clearly mentions the name, address and bank transactions/holdings of the Client for the latest quarter ending. Provided such a bank statement is duly attested (signed and stamped) by the authorised official of the bank mentioning the name and designation of such authorised official.

In both the aforesaid circumstances, DPs are advised as follows:

a) Obtain a cancelled cheque in original and signature of the applicant(s) (all the holders in case of joint holdings) on the bank statement.

b) Te bank statement should be of the latest quarter ending eg. depository accounts opened in the month of April, May and June should be supported by the bank statement of the quarter ending March 31.

Capturing of landmark details

Clients prefer to write landmark details viz., name of the building/mall/junction/school/garden/hotel/bank/railwaystation/company name/bus depot etc with the preceding words such as 'near by', 'adjacent to', 'behind', 'next to', 'opposite to' 'off' etc. in the account opening form as it facilitates for easy location of their addresses and prompt delivery of various communications to be received by the Clients. In this context, procedure is as follows,

A. At the time of opening demat accounts:

DPs should ensure compliance with the various guidelines/circulars issued by NSDL on account opening and after satisfying itself, may capture the address including landmark details in the DPM System as provided by the Clients in the account opening forms.

B. Change in landmark details:

In case of change (addition/deletion/modification) in the landmark details already captured in the DPM system at the time of opening demat accounts, DPs may limit the changes to the landmark details after obtaining a request from the Clients on a plain paper, which is signed by all the holder(s) (in case of joint holdings). DPs are advised to note that the primary address captured in the DPM system as mentioned in the proof of address, at the

time of opening demat accounts should remain intact, limiting the changes to the landmark details.

VI. Verified copies of

a) Electricity bills (not more than two months old),

b) Telephone bills (not more than two months old) pertaining to only Landline telephones (other than Fixed Wireless Phone) irrespective of the service provider can be accepted by DPs as POA. (DP may ascertain the fact that such telephone number exists in the name of the entity, by making a call or by any other means) and

c) Leave and License Agreement / Agreement for sale.

VII. **Self-declaration by High Court & Supreme Court judges,** giving the new address in respect of their own accounts.

VIII. Identity card/document with address, issued by

a) Central/State Government and its Departments,

b) Statutory/Regulatory Authorities,

c) Public Sector Undertakings,

d) Scheduled Commercial Banks,

e) Public Financial Institutions,

f) Colleges affiliated to Universities (this can be treated as valid only till the time the applicant is a student) and

g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

In case of joint holdings, POI and POA documents must be collected in respect of all account holders.

The aforesaid documents are the minimum requirement for opening a BO Account. Participants are advised to exercise due diligence while establishing the identity of the person to ensure the safety and integrity of the depository system. Participants can apply stricter criteria and accordingly, decide to accept, select documents out of the list of documents prescribed by SEBI, as proof of identity/address.

II. For Corporate Investors : For the purpose of verification, all corporate investors have to submit the following documents as prescribed by SEBI alongwith the stipulated account opening form.

(1) Memorandum & Articles of Association (MOA & AOA), Board resolution for opening demat account and the list of authorised signatories alongwith their specimen signatures and photographs, etc.

(2) Introduction by an existing account holder or by the applicant's bank.

(3) Proof of address of the corporate, evidenced by the document registered with Registrar of Companies or acknowledged copy of Income Tax Return or Bank Statement or Leave and License Agreement/Agreement for sale.

An authorised official of the Participant shall verify the proof of address with the original documents and affix his/her signature on the documents submitted by the Client, while exercising such due diligence.

Common Information

The process of opening an account with a depository, nature of such an account, and various factors to be considered for opening a depository account are explained below. Some details are common to all types of accounts. These are:

1. Name of the holder
2. Date of birth (for individual accounts)
3. Occupation
4. Address & phone/fax number
5. Bank details like name of bank, type of account (current/savings), account number, branch address, MICR, etc.
6. PAN number
7. Details of nomination (for individual accounts only)
8. Specimen signatures
9. MAPIN UIN (s)
10. E-mail address
11. Mobile number
12. Address for communication

Beneficiary Account - Procedure for Opening an Account

Investors have the choice of selecting a DP based on their convenience, comfort, service levels, safety, reputation, charges, etc. They have the flexibility to have more than one account with the same DP or any other DPs. No minimum balance is required for opening a depository account. Investors also have the freedom to close an account with one DP and open another one with any other DP.

The type of the account opening form to be filled by an investor and the list of documents required depend on the type of beneficiary account to be opened - whether it is for NRIs or

corporates or individual. Further, the individual account can be in a single name or joint names. Clearing Members and brokers have to open a beneficiary account if they have to deal with their own holdings.

There are several client types in the depository system and different codes are allotted to them. These are listed below :

1. Resident
   - Ordinary
   - Hindu Undivided Family (HUF)
2. Financial Institutions (FI)
   - Government-sponsored FI
   - State Financial Corporation
   - Others
3. Foreign Institutional Investors (FIIs)
   - Mauritius-based
   - Others
4. Non-resident Indian (NRI)
   - Repatriable
   - Non-Repatriable
5. Body Corporate
   - Domestic Company
   - Overseas Corporate Body (OCB)
   - Government Company
   - Central Government
   - State Government
   - Co-operative Body
   - Non-Banking Finance Companies (NBFC)
   - Non-NBFC
   - Broker
   - Foreign Bodies
   - Group Companies
   - OCB-NonRepatriable
   - Foreign Venture Capital
   - Limited Liability Partnership
   - Others

6. Clearing Member (CM)
7. Foreign National
8. Mutual Fund
9. Trust
10. Bank
    - Foreign Bank
    - Co-operative bank
    - Nationalised Bank
    - Others
11. Intermediary

Note:

In aforesaid client types few sub-type viz.; "DR", 'Margin' and 'Promoter has been added for the purpose of:

i) Depository Receipts (DR): Sub Type 'Depository Receipts' has been added to the client types viz.; 'Non Resident Indian', 'Foreign Institutional Investor', 'Corporate Bodies' and 'Foreign National'. This new sub-type is for the purpose of enabling investors to separately hold equity shares issued upon cancellation of Depository Receipts (GDR/ADR) held by them.

ii) Margin: Sub Type 'Margin' has been added to the Client types viz.; 'Resident' and 'Body Corporate'. This new sub-type is added to enable Clearing Members (CMs) to open beneficiary accounts to hold securities for client margin purposes.

iii) Promoter: Sub Type 'Promoter' has been added to the client types viz.; 'Resident', 'Non Resident Indian', 'Financial Institutions', 'Corporate Bodies', 'Foreign National' and 'Bank' to enable promoters to separately hold securities issued as Promoter of the company.

Client-Participant Agreement – Anyone intending to avail depository services should enter into an agreement with a DP. The standard agreement is approved by SEBI and forms a part of NSDL Bye-Laws. This agreement sets out in contractual form the nature of services to be provided, rights and obligations of both the DP as well as the client, and the fees/charges payable for the services.

Figure 8

DP- Client Agreement

- **DP - Client agreement provides for**
  - DP Charges
    - to be specified in Schedule A of agreement
    - DP may revise with minimum 30 days notice
  - Movement of securities from the account only on the basis of proper authorisation from client
  - Transaction statement
  - Both parties have the right to terminate agreement
  - DP to resolve grievance within 30 days
- In case the client defaults in payment of charges, DP may charge a maximum interest of 24% p.a.

This agreement has to be made on non-judicial stamp paper of appropriate denomination and should be signed by:

(a) the depository participant, itself or through an authorised signatory; and

(b) the sole holder in case of single holding; or

(c) all the joint holders in case of joint holding, or

(d) the constituted attorney in the case of NRI/corporate/trust accounts.

A copy of the duly executed agreement has to be given to the client.

FII clients, registered with SEBI and who have entered into an agreement with the DP directly or through their constituted attorney under regulation 16(1) of SEBI (Foreign Institutional Investors) Regulations 1995, need not execute this standard agreement. The FII-DP agreement authorises the DP to act on behalf of the FII for availing depository services and it should have been filed with SEBI.

Types of Application Forms

For each kind of account, there is a different application form. A DP must understand clearly the differences in the application forms, to facilitate efficient and error-free service to investors. Separate forms are prescribed for individuals (including HUF) and corporate clients/clearing member accounts.

Figure 7 - Annexure J

Participant Name, Address & DP Id
(Pre-printed)

APPLICATION FOR OPENING AN ACCOUNT
(For Individuals Only)

Date :	**Client -Id** (To be filled by Participant)								

I/We request you to open a depository account in my/our name as per the following details:
(Please fill all the details in **CAPITAL LETTERS** only)

Type of Account

☐ Ordinary Resident	☐ NRI-Repatriable	☐ Margin	☐ Promoter
☐ HUF	☐ NRI-Non-Repatriable	☐ Others (please specify)	

Sole/First Holder's Details

Name (Mr./Ms.)						
Name of Father/Husband						
Local / Permanent Address	Pin Code					
Correspondence Address	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number		E-mail ID:				
Occupation						

Other Holder Details

Second Holder Name (Mr./Ms.)						
Name of Father/Husband						
Address	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number		E-mail ID:				
Occupation						
Third Holder Name (Mr./Ms.)						
Name of Father/Husband						
Address	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number		E-mail ID:				
Occupation						

Address for communication / Corporate Benefits (Default option is Local Address)	Local / Permanant Address ☐
	Correspondence Address / Foreign Address ☐

Guardian Details (In case the Sole Holder is a minor)

Name (Mr./Ms.)								
Relationship (if any)								
Address	Pin Code							
Date of Birth (of minor)								
	D	D	M	M	Y	Y	Y	Y

In Case of NRIs

Foreign Address											
RBI Reference No.		RBI Approval Date									
			D	D	M	M	Y	Y	Y	Y	

Bank Details

Bank Sub-type	Savings Account ☐	Current Account ☐
Bank Account No.		
Bank Name		
Branch Address	Pin Code	
9-Digit Code Number of the Bank and branch appearing on the MICR cheque issued by the Bank		

Financial Details

	P.A.N.										*IT Circle / Ward / District No.*
Sole/First Holder											
Second Holder											
Third Holder											
Guardian (In case of minor)											

Additional Financial Details

Financial Status (Annual Income)	☐ < Rs.5 Lakh ☐ Rs.5 – 10 Lakh ☐ Rs.10 – 15 Lakh ☐ > Rs.15 Lakh
Nature of Business	

Standing Instructions

I/We authorise you to receive credits automatically into my/our account.	☐ Yes	☐ No
Account to be operated through Power of Attorney (PoA)	☐ Yes	☐ No

Please attach recent passport size photographs in the space provided below:

Sole/First Holder	Second Holder	Third Holder
Signature across Photograph	**Signature across Photograph**	**Signature across Photograph**

Declaration

The rules and regulations of the Depository and Depository Participants pertaining to an account which are in force now have been read by me/us and I/we have understood the same and I/we agree to abide by and to be bound by the rules as are in force from time to time for such accounts. I/We also declare that the particulars given by me/us are true to the best of my/our knowledge as on the date of making such application. I/We further agree that any false / misleading information given by me or suppression of any material fact will render my account liable for termination and further action.

	Name(s) of holder(s)	**Signature(s)**
Sole/First Holder (Mr./Ms.)		
Second Holder (Mr./Ms.)		
Third Holder (Mr./Ms.)		
Guardian (in case of minor)(Mr./Ms.)		

NOMINATION

☐ I/We wish to make a nomination and do hereby nominate the following person in whom all rights and / or amount payable in respect of securities held in the Depository by me / us in the said beneficiary owner account shall vest in the event of my / our death.

☐ I/We do not wish to make a nomination

Name of the Nominee (Mr./Ms.)										
Relationship with the Applicant (if any)										
Address of Nominee	Pin Code									
Date of Birth (in case of minor)	D	D	M	M	Y	Y	Y	Y	Signature of Nominee	
Name of Guardian (Mr./Ms.) (in case Nominee is a minor)										
Address of Guardian	Pin Code									
Signature of Guardian										

Photograph of Nominee Signature of Nominee across Photograph	Photograph of Guardian (in case of minor) Signature of Guardian across Photograph

Signature of two Witnesses

Name	Address	Signature with date
1.		
2.		

(To be signed by the applicant only in case of nomination)

(Sole/First Holder)	(Second Holder)	(Third Holder)

Notes :

1. All communication shall be sent at the address of the Sole/First holder only.
2. Thumb impressions and signatures other than English or Hindi or any of the other language not contained in the 8th Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.
3. As per NSDL Circular No. NSDL/PI/2004/1622 dated September 7, 2004 pursuant to SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 a copy of any one of the following documents may be accepted as proof of identity / proof of address (local/correspondence/foreign address as the case may be):

   Proof of Identity: Passport, Voter ID Card, Driving license, PAN card with photograph, Identity card/document with applicant's Photo, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to Universities, g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and h) Credit cards/Debit cards issued by Banks.

   Proof of Address: Ration card, Passport, Voter ID Card, Driving license, Bank passbook, verified copies of Electricity bills (not more than two months old)/ Residence Telephone bills (not more than two months old)/ Leave and License agreement / Agreement for sale, Self-declaration by High Court

& Supreme Court judges, giving the new address in respect of their own accounts, Identity card/ document with address, issued by a) Central/State Government and its Departments, b) Statutory/ Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to universities; and g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

Participants must verify the copy of the document with the original.

4. Instructions related to nomination, are as below:
   I. The nomination can be made only by individuals holding beneficiary owner accounts on their own behalf singly or jointly. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the account is held jointly all joint holders will sign the nomination form.
   II. A minor can be nominated. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficial owner.
   III. The Nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu Undivided Family or a power of Attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.
   IV. Nomination in respect of the beneficiary owner account stands rescinded upon closure of the beneficiary owner account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.
   V. Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.
   VI. The cancellation of nomination can be made by individuals only holding beneficiary owner accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot cancel the nomination. If the beneficiary owner account is held jointly, all joint holders will sign the cancellation form.
   VII. On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.
5. Strike off whichever is not applicable.

==========

Acknowledgement

Participant Name, Address & DP Id

Received the application from Mr/Ms_____ as the sole/first holder alongwith _____ and _____ as the second and third holders respectively for opening of a depository account. Your Client Id will be intimated to you shortly. Please quote the DP Id & Client Id allotted to you in all your future correspondence.

Date : _____

Participant Stamp & Signature

DPs have to stamp or print the 'in-person' verification details on the account opening form (Annexure J). Such details may be stamped or printed on any page, as the DP may deem fit without making illegible the other details mentioned in the account opening form. However, attachment of separate sheet to the account opening form or affixing stickers on the account opening form carrying 'in-person' verification details will not be permitted.

The forms prescribed by NSDL require the applicants to give the following details:

(a) ***Name(s) of account holder(s)*** - The participant should ensure that the name is identical to that which appears on the certificate(s) to be dematerialised. In the case of a *joint account*, the names of the holders should be in the same order as appearing in the share certificate to be dematerialised. Investors are advised to open their account in their fully expanded name, i.e., to spell to the first name as well as the middle name. This would obviate any doubts about the veracity of the information. Investors can dematerialise all physical securities held in his full name, abridged name, name with initials or any other fashion in this account. By opening the account in the fullest/expanded name, chances of wrong credits/debits and rejection of demat requests are minimised. For example, there may be two investors with the same initials and same last name - A K Khanna may be either Arun Kumar Khanna or Ashok Kishore Khanna. If the name is fully spelt out there is no ambiguity and there is no need then for the DP to take steps to verify the identity. Similarly, investor can dematerialise shares held in any form of name like A.K. Khanna, Arun K. Khanna, A. Kumar Khanna, Arun Kumar K., etc., into one account.

(b) ***Mailing and communication address(es)*** - The veracity of the applicant's address is determined through the documents submitted for verification like verified copies of Ration card, Passport, Voter ID card, Driving license, Bank passbook, Electricity bills (not more than two months old), Telephone bills (not more than two months old) pertaining to only Landline telephones (other than Fixed Wireless Phone) irrespective of the service provider can be accepted by DPs as POA (DP may ascertain the fact that such telephone number exists in the name of the entity, by making a call or by any other means), Leave and License Agreement / Agreement for sale, Self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts. Identity card/document with address, issued by Central/State Government and its Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities (this can be treated as valid only till the time the applicant is a student) and Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

For NRI accounts, proof is required for both addresses - that of the account holder as well as the constituted attorney. For corporate accounts, a copy of Memorandum of Association, Articles of Association, Board resolution permitting opening of account, the registered address of the Company as well as addresses of the person(s) authorised to operate the account on behalf of the Company have to be furnished.

(c) ***Details of guardian in case account holder is a minor*** - Only a guardian can open a depository account for a minor. The guardian remains the beneficial owner in the records of the depository for the securities held on behalf of the minor till he becomes a major. The guardian is required to sign the application form and details of his name and address need to be given **in addition to** the details of the minor.

(d) ***Foreign address and RBI approval details for NRI, FII or OCB accounts*** - For foreign-based clients like NRIs, FIIs, OCBs, etc., the DP must obtain original or attested copies of the power of attorney and the approval letter from RBI permitting them to invest. If the account holder is an FII or an OCB, SEBI registration details along with attested copy of registration certificate issued by SEBI and authorisation letter is required.

(e) ***Clearing member details for a clearing account*** - A broker account as a clearing account can be opened only after the depository approves it and allots a clearing-member business partner identification number (CM-BP-ID). A broker member can have only one clearing account per stock exchange of which he is a member. The DP should obtai , with the account opening form, the necessary details from the clearing member along with a letter from the Clearing Corporation allotting a CC-CM-ID. In case the clearing member account is being transferred from any other DP, a no-objection certificate from the earlier DP is also required.

A Clearing Member may open only one CM Account. However, a Clearing Member may open additional CM Account(s) with the Participant for the purpose of Futures & Options (F&O) and / or Securities Lending and Borrowing Mechanism (SLBM) transactions and the Clearing Corporation shall allot additional CC-CM-IDs to the Clearing Member for this purpose.

(f) ***Details of bank account*** - Details of bank account of the account holder, including the 9-digit code number of the bank and branch appearing on the MICR cheques issued by the bank have to be filled in the application form. Companies use this information for printing them on dividend/interest warrants, etc.

(g) ***Details of Income Tax Permanent Account Number (PAN)-***

SEBI has given directive on PAN as a mandatory requirement for demat account opening. SEBI in its meeting held on January 18, 2006 discussed the issue of tightening the KYC norms. It was decided that the Depositories will issue directions to DPs making Permanent Account Number (PAN) compulsory for all categories of demat account-holders including minor, trust, foreign corporate body, banks, corporates, FIIs and NRIs. This is applicable for existing accounts as well as new accounts to be opened. In cases where the existing demat account holder(s) have failed to submit the PAN details to the DPs by December 31, 2006 or there are discrepancies in the PAN details that have not been resolved by December 31, 2006, such accounts have been 'Suspended for Debit' until PAN details are verified and updated at the DPM Application Software (DPMAS). It was also decided that the staff of DPs should personally verify the identity and address while opening demat accounts and the record of the person who carried out such verification should be available.

In view of the aforesaid SEBI decision, DPs are required to follow below mentioned procedure:

(I) In respect of accounts that are to be opened :

1. DPs should obtain a photocopy of the PAN card of the person(s) seeking to open the account and verify the same with the original PAN card.
2. The DP offiicial should personally verify the identity and address of each of the applicant while opening demat accounts and the record of the person who carried out such verification should be maintained.
3. Further, the name of demat account holder(s) should be compared with the name appearing on the website of the Income Tax Department (ITD) i.e. "http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp On this website, the name can be sought against the given PAN.
4. In case the name(s) do not match or the PAN is not present in the Income Tax database, DP should seek necessary clarification from the account holder(s) and activate such accounts **in the DPM** only after the discrepancy is resolved.
5. In case of joint accounts, the PAN of each of the joint holder should be captured in the DPM system after making verification as explained above.
6. After verifying the details of PAN as mentioned above, the DP officials should affix a stamp as **'PAN verified'**, on the photo copy of the PAN card(s).

(II) In respect of existing accounts upon the Client submitting the PAN card, DPs should follow the procedure in the below given sequence:

1. Verify the PAN details as per the laid down procedure mentioned in points 3 to 6 above,
2. Update the PAN field and enable the PAN flag provided in the DPMAS. Ensure that the status of the updation is 'Closed,Settled'.
3. Remove the suspension by initiating unfreeze instruction and ensure that the status of the unfreeze instruction is 'Closed,Settled' prior to executing any other instruction in the DPMAS.

Operating guidelines on SEBI circular providing clarifications on PAN

Further to the clarifications issued by SEBI (given in italics below), DPs have to follow below mentioned additional operating guidelines /clarifications with respect to capturing of PAN details:

a. *As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney (POA) given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address of the FIIs/ sub-accounts can be accepted as proof of address.*

b. *The NRIs/PIOs would be required to comply with the mandatory requirement of producing PAN Card at the time of opening a BO account.* However, in case of account opened/ to be opened under category NRI/FII in respect of clients not residing in India, the DPs can accept the photocopy of the PAN card of NRI and FN Client and follow the procedure laid down for verification of PAN above, provided:

(i) it is duly signed by the account holder; and

(ii) attested by the Indian Embassy of the country where NRI and FN is residing; and

(iii) the attestation is to the effect that it has been verified with the originals.

Further, a NRI/FN is exempted from obtaining attestation in the photocopy of the PAN card as mentioned above, provided, if he/she personally visits the office of the DP to submit the PAN card to comply with the PAN requirements. In such a situation, the following procedure to be followed by the DPs:

(i) Accept the photocopy of the PAN card and;

(ii) Verify the PAN details as per the procedure laid down for verification of PAN above.

c. *U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of such claim of the investors.*

Operating guidelines for the same are given below:

After the DPs are satisfied that such entities are exempt from paying taxes/filing tax returns in India, DPs are advised to capture the description **"EXEMPTCATG"** under the PAN field and enable the PAN flag in DPMAS.

d. *In case of HUF, Association of Persons (AoP), Partnership Firm, Unregistered Trust, etc. -- though the BO account would be in the name of natural persons, PAN of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained.*

e. As regards Registered Trust, Corporate Bodies and minors, PAN of the respective entities shall be obtained when accounts are opened in their respective names.

f. In case where there is difference in the maiden name and current name of the investor (predominantly in the case of married women), DPs can collect the PAN card proof as submitted by the account holder. However, this would be subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investor (reference to prescribed documents by SEBI, to be made as on page 2, under head - Documents for Verification - (a) Proof of Identity).

Operating guidelines for the same are given below:

1. This guidance given by SEBI may also be used whenever there is a minor difference in the name mentioned in the PAN Card and the name in which the account is opened / sought to be opened.
2. Photograph of person appearing on the PAN card can be compared with the account holder and/or the photograph submitted by the account holder alongwith the application form. Father's name if available on the application form can be compared with the father's name appearing on the PAN card of the account holder.
3. DPs should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity, as clarified in the SEBI circular.

An illustrative list of minor differences as mentioned in clarifications provided by SEBI are mentioned below.

Sushil Kumar Shah	Sushil K Shah
	Sushil Shah
	Sushil Kumar
	Sushil
	Sushilbhai K Shah/Sushilbhai Kumar Shah /
	Sushilbhai / Sushilbhai Shah
Pinki Parmar Desai (Maiden Name)	Pinki Rasiklal Shah (Married Name)
	Tulsi Shah (name change pursuant to marriage)
Sunshine India Private Limited	Sunshine India Pvt Ltd / Sunshine India P Ltd
	Sunshine (I) P Ltd
	Sunshine Private Limited
Tulip Mauritius Limited Growing Software Companies India Fund	Tulip Mauritius Limited G S C I FUND
	Tulip Mauritius Growing Software Companies India Fund
	T M L G S C I Fund
	Tulip Mauritius Limited Grow Soft (Truncated)

1. Short form for Technology Fund / Equity Fund mentioned as Tech Fd / Eq Fd.
2. Spelling mistakes in the name viz., Shushil Kumar Shah for Sushil Kumar Shah, Fledging Nominee for Fledgeling Nominees.
3. PAN card does not mention the scheme name but mentions the name of the Mutual Fund.
4. PAN card mentions only the FII name and not the name of sub-account.
5. Account opened for a specific purpose i.e., "ABC Escrow a/c" while the name on PAN card is "ABC Ltd".

g. *In the light of the observations of the Hon'ble High Court of Sikkim in its Order dated March 31, 2006 as forwarded by the Sikkim Chamber of Commerce vide their letter No.See/52/06-07 dated May 11, 2006, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. However, this would be subject to the DPs verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address (reference to prescribed documents by SEBI, to be made as on page 3, under head - Documents for Verification - (b) Proof of Address).*

Operating guidelines for the same are given below:

1. DPs should ascertain that the entity resides in the state of Sikkim and if satisfied, capture the description "SIKKIMCATG" under the PAN field and enable the PAN flag.
2. If an entity makes a request for capturing the correspondence address as default address or submits a request for change of address and the address in both these situations is not of Sikkim, in such a case, the entity must comply with the PAN requirements and till such time should disable the PAN flag and suspend the account for debit .
3. If the entity submits the PAN card, DPs should :
   i. Verify the PAN details as per the laid down procedure and enable the PAN Flag in the DPMAS; and
   ii. Remove the suspension.

As per SEBI circular no. MRD/DoP/Cir- 05/2007 dated April 27, 2007 Permanent Account Number (PAN) to be the sole identification number for all transactions in the securities market. DPs are required to to collect copies of PAN cards issued to their existing as well as new clients by the Income Tax Department and maintain the same in their record after verifying with the original.

(h) ***Nomination declaration*** - A beneficial owner can make a nomination of his account in favour of any person by filing the nomination form with his DP. Such nomination is considered to be conclusive evidence of the account holder(s) disposition in respect of all the securities in the account for which the nomination is made. The nomination form submitted should be in the format prescribed by NSDL in its Bye-Laws and Business Rules.

(i) ***Details of introducer*** - If an existing client has introduced a new client to the DP his signature is required on the form. In other cases, the DP may ask for details that he considers appropriate. For example, the DP may require the application form to be attested by the bankers, or employer of the client.

Supporting Documents – As mentioned earlier, supporting documents, required to be submitted with the account opening form, include

1. photograph of account holder(s)/authorised-holders/constituent attorney, etc,

2. proof of incorporation for companies, e.g., certified copies of the memorandum of association, trust deed, etc.,
3. certified copy of the document authorising the specified person(s) to operate the account, e.g., a copy of the board resolution etc.,
4. any other document the DP may consider necessary to establish the genuineness of the account holder(s).

2. Forms for Joint Accounts - A depository account may be opened and maintained in the names of more than one person. All the joint-holders have to sign the application form and the agreement. The supporting documents and photograph should also be provided for all joint holders. The account opening module of NSDL system provides only for (up to) three joint names as at present.[2] Though the beneficial ownership of jointly held securities vests in all joint holders, communications about the joint depository account are provided only to the first holder. The dividend and interest warrants, annual reports and notices for meetings are also issued to the first-named joint holder only.

In the event of the death of a joint holder, the balance lying in the account can be transmitted, on request of the surviving holders, to a new account to be opened by the surviving holders. The earlier account having the deceased holder's name is closed after such transmission. The chapter 9 on Transmission gives the detailed procedure to give effect to this type of request.

Transposition - The process of effecting changes in the order of joint names appearing on a security certificate is called *Transposition*. Joint holders can request a company to transpose names by way of letter and it does not require affixing stamp duty. If the joint holders do not want to open separate accounts, they can have the sequence of names on the certificates to tally with the sequence of names in which depository account is opened.

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[2] NSDL has prescribed the following special procedure for handling of cases of four or more joint holders:
(a) A separate account could be opened in the name of the joint holders with four or more names.
(b) No standing instructions to receive credits, receipt instructions, new issue applications and any other instruction which has the effect of crediting this account should be accepted in respect of such account.
(c) Appropriate annexure should be attached to the account opening form to include various details, viz., name, address, signatures, etc. of more than three holders.
(d) An undertaking should be obtained from the client that he will not use this account for the purpose of allotments in the primary market or for purchases from the secondary market. Hence the client will give no instructions (other than for dematerialisation, bonus, rights and preferential offer) to any person which has the effect of crediting this account.
(e) While opening the account, the DP should capture the names of the four or more joint holders by numbering them in DPM and entering the first holder's name in the first holder's field. The rest of the names have to be accommodated in the fields for second and third holder.
(f) The DP should process the dematerialisation request as per the usual procedure while ensuring that the pattern of holding for each certificate tallies with the pattern of holding of the account.
(g) After the balances in such a joint account become nil, the account should be closed.
(h) For holdings of a Trust in the joint names of four or more trustees, this procedure for opening the account can be adopted without any restrictions on receiving credits into that account.

3. Form for HUF – The depository account of an HUF can be opened only in the name of its Karta. DPs should clearly designate the account in the name of the Karta as such. The form for opening HUF accounts is the same as the individual account. While opening such accounts the DP should select the 'HUF' sub-type in the 'Individual' category of account opening.

4. Form for Companies – A Company, being an artificial person, can open a demat account, provided its memorandum authorises it to make investment in the securities of other companies. A demat account in the name of a company should be operated by the person(s) authorised by a resolution passed by its board of directors. The DP should obtain an attested copy of the memorandum and board resolution, authorising the opening and mode of operation of the demat account.

Details of Introducer - If an existing client has introduced a new client to the DP his signature is required on the form. In other cases, the DP may ask for details that it considers appropriate.

Figure 7- Annexure K of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

APPLICATION FOR OPENING AN ACCOUNT
(For Corporates/Clearing Members only)

Date :	**Client -Id** (To be filled by Participant)								

We request you to open a depository account in our name as per the following details:
(Please fill all the details in **CAPITAL LETTERS** only)

Type of Account

☐ Body Corporate	☐ Bank	☐ Trust	☐ FI
☐ FII	☐ OCB	☐ Others (please specify)	

Client Details

Name of Corporate (Sole/First Holder)						
Registered Office Address	Pin Code					
Correspondence Address (if different)	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number						
E-mail ID:						

Other Holder Details

Second Holder Name						
Name of Father/Husband						
Address	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number		E-mail ID:				
Occupation						
Third Holder Name						
Name of Father/Husband						
Address	Pin Code					
Telephone No.		Mobile No.		SMS facility	Yes ☐	No. ☐
Fax Number		E-mail ID:				
Occupation						

In Case of FIIs/OCBs/Others (as may be applicable)

Foreign Address	
RBI Reference No.	
RBI Approval Date	
SEBI Registration No. (for FIIs)	

Address for communication / Corporate Benefits (Default option is Registered office Address)	Registered / Permanant Address	☐
	Correspondence Address / Foreign Address	☐

Bank Details

Bank Sub-type	Savings Account ☐	Current Account ☐
Bank Account No.		
Bank Name		
Branch Address	Pin Code	
9-Digit Code Number of the Bank and branch appearing on the MICR cheque issued by the Bank		

Financial Details

	P.A.N.	*IT Circle / Ward / District No.*
Sole/First Holder		
Second Holder		
Third Holder		

Additional Financial Details

Financial Status	
Nature of Business	

Standing Instructions

I/We authorise you to receive credits automatically into my/our account.	☐ Yes	☐ No
Account to be operated through Power of Attorney (PoA)	☐ Yes	☐ No

Introduction

(by an existing account holder / applicant's bank)

DP ID: _____ Client ID: _____ (Incase of existing account holder)

I confirm the identity and address of the applicant(s)

Name: _____

Signature of Introducer /
Signature and Seal incase of Bank
(To be verified by DP official)

Clearing Member Details (to be filled up by Clearing Members only)

Name of Stock Exchange	
Name of Clearing Corporation	
Clearing Member Id	
SEBI Registration No.	
Trade Name	
CM-BP-Id (to be filled up by Participant)	

Please attach recent passport size photographs in the space provided below:

Sole/First Holder	Second Holder	Third Holder
Signature Across Photograph	**Signature Across Photograph**	**Signature Across Photograph**

Declaration

The rules and regulations of the Depository and Depository Participants pertaining to an account which are in force now have been read by us and we have understood the same and we agree to abide by and to be bound by the rules as are in force from time to time for such accounts. We also declare that the particulars given by us are true to the best of our knowledge as on the date of making such application. We further agree that any false / misleading information given by us or suppression of any material fact will render our account liable for termination and further action.

Authorised Signatories (Enclose a Board Resolution for Authorised Signatories)

Sole/First Holder	***Name***	***Signature(s)***
First Signatory		
Second Signatory		
Third Signatory		
Other Holders Second Holder		
Third Holder		

Mode of Operation for Sole/First Holder (In case of joint holdings, all the holders must sign)

☐ Any one singly ☐ Jointly by

_____

☐ As per resolution

_____

☐ Others (please specify)

_____

Notes:

1. In case of additional signatures, separate annexures should be attached to the application form.
2. As per NSDL Circular No. NSDL/PI/2002/1319 dated August 8, 2002, following documents may be accepted as proof of identity / proof of address:
   (i) Memorandum & Articles of Association (MOA & AOA), board resolution for opening demat account and the list of authorised signatories alongwith their specimen signatures and photographs, etc.
   (ii) Introduction by an existing account holder or by the applicant's bank.
   (iii) Proof of address of the corporate evidenced by the document registered with Registrar of Companies or acknowledged copy of Income Tax Return or Bank Statement or Leave and License agreement/Agreement for sale.
3. Thumb impressions and signatures other than English or Hindi or any of the other language not contained in the 8th Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.
4. Strike off whichever is not applicable.

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Acknowledgement

Participant Name, Address & DP Id

Accepted/Rejected the application from M/s _____ as the sole/first holder alongwith _____ and _____ as the second and third holders respectively for opening of a depository account. Your Client Id/CM-BP-Id (in case of Clearing Members) will be intimated to you shortly on acceptance. Please quote the DP Id & Client Id allotted to you (CM-BP-Id in case of Clearing Members) in all your future correspondence.

Date : _____

Participant Stamp & Signature

5. Form for Minors – A minor may hold shares through his guardian. Accordingly, a minor may open a depository account only through his guardian. The DP should obtain documents evidencing the age of minor, e.g., birth certificate, along with the account opening form. In this regard, it is clarified as follows -

(I) Procedure to be followed by DPs for opening demat account of minors

(i) Obtain Proof of Identity, Proof of Address and the photograph of the Guardian as per the procedure laid down in circular nos. NSDL/PI/2004/1622 and NSDL/PI/2004/2117 dated September 7, 2004 and November 25, 2004 (reference to Forms for Individual Accounts - pages 11 & 12) respectively. Further, obtain original / attested (in case of photocopy) birth certificate of the minor.

(ii) Obtain PAN details of the minor, follow the procedure laid down for verification of PAN (reference to Details of Income Tax Permanent Account Number (PAN)- pages 14 to 18) and after due verification, enable the PAN Flag in the DPM Application Software (DPMAS).

(II) The procedure to be followed by DPs in cases where Minor Clients have attained Majority (i.e. 21 years of age in case of Minor whose Guardian is court-appointed or 18 years where Minor's account is represented by a natural guardian) is as under:

1. Ascertain the cases where Minors have attained Majority.

2. Communicate to the Client (Minor attained Majority) immediately advising him/her to submit a fresh account opening form alongwith necessary KYC documents and PAN card alongwith photograph of the Client.

3. Suspend the account for debit and disable the standing instruction for credit pertaining to the account of Minor.
4. Verify the account opening form alongwith necessary KYC documents and PAN as mentioned under point no.2 herein above.
5. Capture the new demographic details in the DPM system after due verification of same
6. Capture the signature of the Client (Minor turned Major) in the system in place of the signature of the Guardian (captured earlier).
7. Execute a fresh DP-Client agreement with the Client.
8. Select "None" or "Nominee" as the case may be in the field 'Nominee/Guardian' in the DPM system to disable the entire Guardian details in the said account. If "Nominee" is selected enter the nomination details.
9. Any request or instruction from the guardian, which are to be processed or is having execution date falling on or after the date the Minor has turned Major, shall be processed/executed only after receipt of confirmation from the Client (Minor turned Major).
10. Client (Minor turned major) but account is suspended for debit for non-compliance with PAN requirement :- Follow the procedure mentioned in point nos. 1 to 8 above and capture the PAN details in the DPM System and enable the PAN flag.
11. Accounts already suspended in cases where Clients have not responded.- Follow the procedure as mentioned under point no. 2 to 8 above

Further the accountholder (minor who has attained majority) may need not open a new account upon attaining majority and continue with the same account.

Partnership Firm - Partnership firm cannot be a member of a company under the provisions of Companies Act, 1956 due to which a depository account **cannot be opened** in the name of a partnership firm. However, all the partners of the firm can sign as joint holders, and a joint account may be opened in the name of the partners. NSDL Business Rules make it clear that opening a depository account in the name of a partnership firm will be treated as non-compliance with the Business Rules, and will be punishable with penalty points. However a CM Account can be opened for broker firms since partnership firms are allowed to become members of a stock exchange.

Procedure for opening an account in the name(s) of Partners for holding securities that belong to the Partnership firm

(i) The account should be opened only in the name of Partner(s) and the securities that belong to the Partnership Firm can be held in this account.

(ii) The Participant should obtain Proof of Identity and Proof of Address of the Partner(s) as per the procedure mentioned earlier (refer pages no. 2 & 3- Documents for Verification) and a copy of the Partnership Deed to verify the names of Partner(s).

(iii) In addition, Participants should obtain a photocopy of the PAN card of the Partnership firm and verify the same with the original PAN card and follow the procedure for verification of PAN mentioned earlier (reference to Details of Income Tax Permanent Account Number (PAN)- pages 14 to 18).

(iv) Participants are advised to obtain an undertaking in the enclosed format from the Partner(s) to the effect that the Partner(s) would comply with the provisions of the Companies Act, 1956 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the name of the Partner(s).

ANNEXURE for opening an account in the name(s) of Partners for holding securities that belong to the Partnership firm

To,

_____

(Name of the DP)

_____

(Address of the Registered Office)

1. I / We, have submitted an application for opening a single / joint account for opening a Beneficial Owner [BO] account in the category "individual' for holding and carrying out transactions in respect of securities belonging to our firm, since as per the clarification issued by the Department of Company Affairs vide its Circular No. 5/75 (8/18/75-CL-V) dated March 31, 1975, Partnership Firm is not capable of being a member within the meaning of Section 41 of The Companies Act, 1956.
2. I / we represent the firm.
3. In consideration of you having agreed to accept the Permanent Account Number [PAN]

issued by the Income Tax Department [ITD] to the firm along with our individual identity documents, I / We acknowledge and undertake as under :-

a) The acceptance of the PAN number of our firm does not amount to you having taken notice of trust or recognise our firm.

b) I / We shall continue to be responsible for complying with the relevant provisions of The Companies Act, 1956 and the Rules made thereunder and other applicable Laws failing which I / we shall be responsible for the consequences thereof.

Yours faithfully,

Signature :	Signature :	Signature :
Name of the Partner :	Name of the Partner:	Name of the Partner :

Signatures/Thumb Impression – The account opening form should be signed by the sole holder, in case of single holding; all joint holders, in case of joint holding; authorised signatories, in the case of corporate accounts; by guardian, in case of a minor; or the constituted attorney, in the case of NRI accounts. If the signature is in any language other than those specified in the Schedule VIII to the Constitution of India or English, it should be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.

In case of illiterate person(s), at the time of opening an account with a Participant, the person must affix the thumb impression (left hand thumb in case of a male and right hand thumb in case of a female) on the agreement as well as on the account opening form. All accounts opened by illiterate person(s) must be either introduced by an existing account holder or must be attested by applicant's bank. The Client(s) must come in person to open the account and submit instruction forms and affix his/her thumb impression in the presence of the official of the DP. The DP should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the account opening form, DP-Client agreement and delivery instruction form to the Client(s). The official of the DP should then put his signature and remarks "Details explained to the Client(s)", on the account opening form, copy of the agreement and delivery instruction form. In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form as mentioned above, the thumb impression of the Client(s) on the instruction forms must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office

and authorised to use the Seal of his office or a manager of the account holder's bank. The Client should also produce a medical certificate about his/her disability. A remark should be put in the DPM System (under the authorised signatory details under "Signatories" screen) at the time of opening the account that the account holder is illiterate or disabled. Further, the instruction forms issued to such Client(s) should be pre-stamped as "Thumb Impression". At the time of opening of account, the aforesaid rules should be explained to the Client(s) in the presence of a witness, who will have to sign the agreement and the account opening form, as a witness.

Client Account Number - On receipt of a valid application form (complete in all respects and duly signed) the DP should verify its contents to his satisfaction. If, after verification, the DP accepts the application and the client-participant agreement is signed, the DP has to enter the information on the application form into the Depository Participant Module (DPM). The system then generates a client account number which should be referenced by the client for all its transactions in the depository system. The system also generates a report containing the details of client captured from the account opening form. The DP should provide a copy of account opening confirmation report to the client for his reference and verification about the correctness of details. The account number has two parts, i.e., 8-digit DP-ID (identification number of Depository Participant) and 8-digit client account number. Together this number is unique across depositories. After opening the demat account, the client master list should be sent to the client at the address given in the account opening form.

Standing Instructions – A DP may register the transfer of securities to or from a beneficial owner's account only on receipt of instructions from the beneficial owner. No debit or credit can be given to the account of a beneficial owner without a due authorisation from such beneficial owner. However, for ease of operation and elimination of redundancies, a clause has been included in the standard format of client participant agreement. This clause enables clients to give standing instructions to DPs, at the time of opening the account itself, for receiving securities to the credit of their accounts without any further instruction from them. These instructions are given as a part of the account opening form itself. Though not mandatory, it would be better to ask clients to specifically sign in the standing instruction column, to avoid any confusion at a later stage.

Figure 10

Check List for Account Opening

- ✏ Proof of Identity: An authorised official of the Participant should verify the photocopies of the any of the prescribed documents submitted with their corresponding originals. [Reference to prescribed documents by SEBI, to be made as on Page 2, under head - Documents for Verification - (a) Proof of Identity.]
- ✏ Proof of address (POA): An authorised official of the Participant should verify the photocopies of the any of the prescribed documents submitted with their corresponding originals. [Reference to prescribed documents by SEBI, to be made as on Page 3, under head - Documents for Verification - (b) Proof of Address.]
- ✏ Ensure that all compulsory fields in the account opening form are filled (except nomination which is optional).
- ✏ In case of corporate, ensure a copy of Board resolution of authorised signatories. Ensure proper authorization in case of power of attorney holder.
- ✏ DP should give a copy of agreement to the client, including the charges.
- ✏ Inform clients regarding standing instruction facility.
- ✏ Branches of DP to co-ordinate & follow up with Head Office for account opening.
- ✏ Ensure account is activated before forwarding Client ID to client.
- ✏ Inform settlement deadlines to clients.

Clearing Member Account

The entities that are authorised to pay in and receive the pay out from a Clearing Corporation (CC)/ Clearing House against trades done by them or their clients are known as clearing members (CM). CMs are identified in the system through their CM-BP-ID. All pay-in and pay-out transactions are carried out through their accounts.

There are two types of clearing members:

1. all members of a stock exchange popularly known as brokers, are clearing members;
2. custodians who are permitted by the stock exchange to act as a clearing member.

Procedure to Open a Clearing Member Account

The steps undertaken to open the account are same as those of individuals, difference lies in the type of form and details to be filled in and documents to be submitted. The only major difference is that the clearing member has to first register itself with the clearing corporation and obtain a CC-CM-ID.The clearing account is identified by the combination of CC-CM-ID given by the clearing corporation, CM-BP-ID given by the depository and the Client-ID given by the DP.

Before opening a clearing account, the DP should send to the depository the clearing member's account opening form. The Depository then allots the CM-BP-ID. Based on the CM-BP-ID so allotted, the account gets activated. The DP then generates Client-ID and communicates the date of opening the account in DPM system to the depository.

Details to be filled in the form are:

1. Name of the Clearing Member
2. Company's short name, if any
3. Address of the registered office, telephone number, fax number, e-mail, if any
4. Name and address of the authorised signatories, their designations and telephone numbers, status code, sub-status code
5. Bank account particulars, bank name and its branch, current account number, RBI reference number, RBI approval date, PAN/ GIR number
6. Signatures of Authorised signatory(ies)

Details of Introducer - If an existing client has introduced a new client to the DP his signature is required on the form. In other cases, the DP may ask for details that it considers appropriate.

A separate enclosure has to be attached to the account opening form specifying the following details:

1. Name and address of the clearing member
2. Name and address of the clearing corporation
3. Clearing Corporation Id (CC-ID)
4. Clearing Member Id (CM-ID)
5. Stock Exchange clearing code
6. SEBI Registration number
7. Trade name
8. Copy of Board Resolution for authorised signatories should also be submitted.

Generally, there will be only one CM account per broker for a stock exchange.

Checklist for a Clearing Member Account

- Ensure that all compulsory fields in the account opening form have been entered.
- Ensure that a copy of the board resolution for authorised signatories has been enclosed in case of corporates.
- Ensure that required letter from Stock Exchange giving CC-ID is enclosed.
- Ensure CM is informed of standing instruction facility for receipt.
- Ensure CM is informed that in case of delivery to CC instruction, either of the joint-holders can sign the instruction.

- If the forms are received at the branch of a DP, ensure that the account opening form along with required references is dispatched to head office in a proper and timely manner. If required, retain a copy.
- Ensure follow up with head office in case defined deadline in respect of account opening is not met.

The clearing account should only be used for clearing and settlement purposes and not for any other purpose, e.g., holding of securities. All the securities received in a settlement account should be transferred to respective beneficial accounts as soon as possible, but in no case later than the time prescribed by the depository/ stock exchange/SEBI in this regard. The opening of clearing member account constitutes a "standing instruction" to receive credits from the clearing corporation when there is a pay-out.

Operation of demat accounts based on Power of Attorney

A demat account can be operated by a Power of Attorney holder. In this regard, it may be noted that -

(i) A Power of Attorney executed prior to the promulgation of The Depositories Act is valid and enforceable.

(ii) It is the responsibility of the Depository Participant to verify whether the Power of Attorney is adequate and sufficiently authorising the holder of the Power of Attorney i.e., the donee to operate the account of the beneficial owner.

(iii) A sample clause is given hereunder which if it forms a part of the Power of Attorney could suffice:

"To sell or otherwise deal with or dispose of and to purchase, subscribe or otherwise acquire in any manner from the market or under public or rights issues or otherwise and accept the transfers of any stocks, funds, shares, debentures, Government and other promissory notes, securities, bonds, debentures, annuities or other mercantile negotiable instruments which shall or may at any time belong to me or which hereafter be transferred to me, whether solely or jointly and whether in my own right or having any other interest of whatsoever nature and however arising and in any capacity whatsoever including those belonging to others with my name and for such purposes to sign, execute or endorse all instruments of transfer and other documents for any purpose what so ever by the virtue of these present."

However, it may be mentioned that a DP shall not obtain Power of Attorney (POA) from its client(s) as a requirement for opening a demat account. Further the POA shall not contain the following clauses:

(i) POA Holder i.e. Donee has the sole authority to operate the account and the account holder(s) is/are restrained from operating the account;

(ii) Delivery Instruction Slip (DIS) books are denied to the account holders who have executed a POA;

(iii) DPs are authorised to merge the securities kept under various accounts of the clients; and

(iv) DPs will have a lien on the securities of the clients.

DPs are therefore required to review the POA document and if the POA contains any clause similar to what has been stated above, the POA should be modified suitably. DPs must inform all those clients who have executed POA about such changes and obtain a written confirmation from the clients that they have taken note of the changes in the POA.

It may also be mentioned that where a client has executed a POA, such depository accounts can be operated both by the client(s) as well as by the POA holder. Therefore, DPs should ensure that the signatures of the account holder(s) and the POA holder are captured in the DPM system and DPs are required to provide DIS books to the clients who have executed a POA and allow the clients to operate their accounts as well.

Further, DPs are required to maintain separate accounts of the clients, in conformity with Regulation 42 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. Lien on the securities can be created only as per Regulation 58 of SEBI Regulations and as per the procedure laid down in the Bye Laws and Business Rules of NSDL.

Closure of Account

Closure on Client's Request – DP can close a depository account on receipt of an application in the prescribed format. The application should be made by the account holder or by all the joint holders. An account can be closed only when there is no balance in the account. In case there is any balance in the account sought to be closed, the following steps are necessary.

(a) Rematerialisation of all securities standing to the credit of the account at the time of making the application for closure; or

(b) Transferring the balance to the credit of another account opened by the same account holder(s) either with the same participant or with a different participant.

However, where demat request(s) are pending for disposal for a long time in a demat account and the client desires to close such an account, the following procedure maybe adopted by the client :

- Write a letter in the prescribed format to the Issuer (with a copy marked to its Participant and respective RTA), requesting for rejection of the pending dematerialisation request(s) and send fresh physical security certificate(s) to the Client directly.

- Enclose a copy of the dematerialisation request generated from DPM system, duly signed & stamped by the Participant, alongwith the aforesaid letter to the Issuer.

On receipt of copy of the letter from the Client, the Participant may also take up the matter with the concerned Issuer and/or its RTA for rejecting the instruction expeditiously. After the pending dematerialisation request(s) is/are rejected by the Issuer and/or its RTA, the Participant can close the account of such Client.

Before closing the account the DP should ensure that all pending transactions have been settled. The request for closure should be processed only after ensuring that there is no balance lying in the account.

If a client makes a request for closure of accounts, DPs should provide the Statement of Transaction (SOT) to the Client for the period from the beginning of the quarter in which the account is closed till the date of closure. Further, the SOT should bear the words "Account Closed" and should be prominent. For this purpose, DPs can affix a rubber stamp or create a suitable system that will clearly show on the SOT that the account has been closed.

Facility for cancellation of pending demat requests

In cases where the clients have pending demat requests, Participants are not in a position to process the requests received from their clients for closure of accounts as certain Issuer companies are not confirming the requests for dematerialisation for a long time a facility for cancellation of pending demat request is introduced. The procedure in this regard is given below:

1. Client must submit a letter in prescribed format requesting to cancel the pending demat request in respect of those demat requests which are pending for more than 60 days.
2. Participant must submit a letter requesting NSDL to facilitate cancellation of pending demat requests in prescribed format.

After the pending dematerialisation request(s) is/are rejected/ canceled, the Participant can close the account of such Clients.

Revocation of SPEED-e and IDeAS facility consequent to closure of demat accounts

DPs may unilaterally revoke the Client IDs in case of password Users and User IDs in case of smart card / e-token Users on SPEED-e / IDeAS as applicable, after carrying out the closure of demat accounts of such Clients. In case of smart card / e-token Users, DPs should send the Client details i.e. Client ID, User ID and Signature Revocation Form of such Clients to NSDL after carrying out the revocation of User ID.

Consolidation of Accounts – Some clients could have opened multiple accounts to dematerialise their shares held in multiple combination and sequence of names. However, they may not need so many accounts after they have dematerialised their shares and may want to bring all their share holdings into one or fewer accounts. This can be achieved by using normal off market transfer instruction.

Closure by DP – The DP may also initiate closure of a client's account if the client has defaulted in performing its obligations laid out in the client-participant agreement. The participant should give sufficient notice to the client before initiating closure of his account. The notice should clearly state the reasons for closure of account. The process of closing account in such a case is the same as that of client-initiated closure.

Closure/Shifting of Clearing Account – A clearing member may transfer its clearing account from one DP to another DP. For this, simultaneously applications have to be made for closure of account to the earlier DP and for opening of new clearing member account to the new DP. On receipt of the application, the new DP forwards the application to the depository for approval and allotment of a new CM-BP-ID. Once the new CM-BP-ID is allotted, the new DP opens a new clearing account and intimates the depository about the new Client-ID. On receipt of intimation from the new participant, the depository advises the old DP to close the account. The old DP then closes the account and intimates the clearing member. All pay-out of securities, subsequent to closure of old clearing account takes place in the new account.

Mass Shifting of Accounts – DPs may set up new DPM centres as their business expands or to provide direct connectivity from different geographical locations. However, there may be several accounts from that location but the account may already have been opened in another DPM machine. For example, a DP may start operation from Delhi and may be servicing clients of Faridabad, Agra, Mathura, etc from this DPM. When the DP finds enough business at Mathura, he may set up a direct connectivity machine at Mathura also. NSDL has given a facility to shift in mass, all the Mathura accounts from Delhi in the above example to the machine at Mathura. This facility is called mass shifting facility.

If a client makes a request for closure of accounts, DPs should provide the Statement of Transaction (SOT) to the Client for the period from the beginning of the quarter in which the account is closed till the date of closure. Further, the SOT should bear the words "Account Closed" and should be prominent. For this purpose, DPs can affix a rubber stamp or create a suitable system that will clearly show on the SOT that the account has been closed.

Figure 11 - Annexure Q of NSDL Business Rules

APPLICATION FOR CLOSING AN ACCOUNT

Date (dd-mm-yy)			

To

DP Name (Pre printed)
DP Address (Pre printed)
DP Id (Pre printed)

(For Beneficiary Account only)

I / We hereby request you to close my/our account with you .
I / We request you to transfer the balances of securities to my/our account with DP Name _____ bearing my client-id _____.

Client-Id.	
	Name(s) of the holders
First/Sole Holder	
Second Holder	
Third Holder	
	Signature(s)
First / Sole Holder	
Second Holder	
Third Holder	

(For Clearing Member Account only)

I / We hereby request you to close my/our account with you .

Client Name	
Client Id	
CM-BP-Id	
CC-CM-Id	

Authorised Signatories	
Names	Signatures

Instructions:

1. Relevant portions to be filled in
2. Please strike off as N.A. whatever is not applicable

To be submitted in duplicate.

Securities and Exchange Board of India (SEBI) has decided that "with effect from January 09, 2006 (Monday), no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership" .

Further, DPs are required to follow the following procedure in this regard :

1. The client submits an account closure request as specified in Annexure Q, duly filled & signed by the account holder(s) alongwith duly certified (signed and stamped) Client Master Report (CMR) obtained from the target Participant with whom the client has opened a new account or maintains an account. In case of inter-depository transfers, apart from what has been stated above, the client should submit the CMR in a crystal format duly certified (signed and stamped) by the target Participant or if CMR in crystal report format is not available, the target details should be certified (signed and stamped) by the other depository. Further, the client surrenders all unused delivery instruction slips (DIS) to the Participant.

2. DP should verify the documents submitted by the client and if found in order, the Participant shall effect the transfer of securities.

3. After transferring the securities, the serial number(s) pertaining to unused DIS should be permanently blocked in the back office system of the Participant and the account of the client should be closed. In case the Participant is unable to close the account due to pending demat / remat requests, ISIN in suspended status, fractional position or due to open pledges etc., the Participant should freeze the account i.e 'suspended for debit and credit'.

4. DPs should make a request to NSDL seeking credit for the transaction fees pertaining to account closure cases, with supporting documents as detailed above.

Freezing of Accounts

Account freezing means suspending any further transaction from a depository account till the account is unfrozen. ISIN/specific number of securities in a demat account may be frozen in certain cases.

1. If a written instruction is received from the client by the DP, requesting freezing of account; or
2. If an electronic request is made by a client to his DP or to the Depository, in the form and manner as may be prescribed by the Depository.

3. If orders are received by the DP or the depository from the Central or State Government, SEBI, or any order by the court, tribunal, or any statutory authority.
4. If a request is received by the Depository from a DP or client.
5. If orders are passed by Disciplinary Action Committee (DAC) or if DP becomes insolvent, bankrupt or if a corporate DP is being wound up, Depository can freeze accounts and /or ISIN and/or specific number of securities held in DP's name.

By freezing an account for debits only (preventing transfer of securities out of the account), the client can receive securities in his account. An account can also be frozen for debits as well as credits (preventing any movement of balances out of the account). No transaction can take place in such an account until it is reactivated. A frozen account may be unfrozen or reactivated, by taking the reverse steps.

1. On the valid written request of the account holder where he had requested freezing,
2. On directions of depository made in pursuance of the order of the appropriate authority.

The DP should immediately inform the client about change in status of the account from 'active' to 'suspended' and *vice versa.*

Figure 12 - Annexure P of NSDL Business Rules

APPLICATION FOR FREEZING / UNFREEZING OF AN ACCOUNT AND / OR ISIN AND / OR SPECIFIC NUMBER OF SECURITIES

Date (dd-mm-yyyy)								

To
DP Name (Pre printed)
DP Id (Pre printed)
DP Address (Pre printed)

I/We request you for the following (please tick whichever is applicable):

Type	Account Suspended for debit only	Account Suspended for debit & credit	ISIN	Quantity
Freeze				
Unfreeze				

Account Level

Type	Please Tick	Account No.								Execution Date (dd-mm-yyyy)							
Suspended for debit only																	
Suspended for debit & credit																	

ISIN Level

ISIN	Account No.	Execution Date (dd-mm-yyyy)

Quantity Level

ISIN	Account No.	Execution Date (dd-mm-yyyy)	Quantity *

1 _____ **2** _____ **3** _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions:

1) *** Please write the quantity of shares starting with first left box (say, for 200 shares, please fill-in only first three boxes, whereas for 2000 shares, please fill-in first four boxes; the remaining boxes should be struck-off).**
2) **Separate forms should be filled-in for freeze and unfreeze.**

Changes in Client Details

A client may change any of the following particulars in the depository system. All he has to do is to submit the changes in writing to the DP.

- Father's/Husband's Name (change from father's name to husband's name may be necessary on account of marriage).
- Standing instruction facility (an investor can activate/deactivate it)
- Address (both local as well as correspondence), telephone number, mobile number (clients may make this change at any time depending on their need). Clients have to provide proof of new address while submitting application for change of address.
- Occupation details
- Nominee details (the DP has to obtain the required form from the client duly filled and effect the changes)
- Bank details (clients may revise the bank details given by him before record date to ensure that the dividend/interest warrants bear the correct bank details)
- PAN Number details

- In case of NRIs, the Reserve Bank of India reference number and approval date.
- MAPIN UIN
- E-mail addresses

However, the names of the account holders cannot be changed after opening of demat account.

Change of Address for Individual Clients

1) While processing requests for change of address received from Clients, DP should obtain the following documents:
   a) A written application for change of address from the Client. (In case of joint holdings, all holders must sign the application);
   b) Proof of identity [Reference to prescribed documents by SEBI, to be made as on Page 2, under head - Documents for Verification - (a) Proof of Identity.]
   c) Latest transaction statement of the account received from the Participant;
   d) Proof of new address alongwith the original documents of the new address. [Reference to prescribed documents by SEBI, to be made as on Page 3, under head - Documents for Verification - (b) Proof of Address.]

2) The Client should personally visit the office of the DP where the Client maintains and operates his/her account and submit the application for change of address. However, in case the Client expresses inability to personally visit the office of the Participant, the application for change of address alongwith other documents can be submitted through an authorised representative, whose identity the DP must verify.

3) The Client or its authorised representative should sign the application once again in the presence of the officials of the DP.

4) The DP should verify the signature of the Client on the application and the identity documents with the documents maintained with the DP. Further, the document pertaining to new address should be verified with the original. After due verification, an authorised official of the DP should put his/her signature on the application with remarks "verified with original" and thereafter record the change of address in the DPM system.

5) However, in case DP could not verify the documents because the records of the documents submitted by the Client are kept at a different place, then the Participant must verify the same within a period of seven working days and only then effect the change.

6) After effecting the change of address in the DPM system, the Participant should send a communication to the Client, confirming the change of address, to the old and the new addresses.

   In case a Client (sole holder or either of the holders) personally visits the DP's office to

submit an application (signed by all holders in case of joint holdings) for change of address alongwith necessary documents (proof of identity / proof of address) as mentioned above, the DP need not obtain the transaction statement from that Client.

Change of Address for Corporate Clients

The following procedure is to be followed for change of address for Corporate clients:

1) A written application for change of address of the corporate entity, signed by all the authorised signatories should be submitted to the DP.
2) Following documents should be submitted alongwith the application:
   (a) Latest transaction statement of the corporate's account received from the DP.
   (b) Proof of new address (copies of the aforementioned documents) alongwith the original document of new address, for verification by the DP.
3) At least one of the authorised signatories should visit the office of the DP in person to submit its application for change of address alongwith necessary documents and sign the application once again in the presence of the officials of the DP.
4) An authorised official of the DP to verify the application and the abovementioned documents with the original and put his/her signature on the application with remarks "verified" and thereafter record the change of address in the DPM system.
5) The DP should write a letter to the Client at the old address as well as the new address to confirm the change of address.

   As one of the authorised signatories is required to personally visit DP's office as stated above, the DP need not obtain transaction statement from the authorised signator(ies).

Change of name in Corporate Accounts:

The facility for change of name in Corporate accounts is available for Client types viz., Body-Corporate, Bank, Financial Institution (FI), Foreign Institutional Investors (FII), Mutual Fund (MF) and Trust

The documents required at the time of change of name of Corporate are given below:

(i) In case the entity is registered under the Companies Act, 1956, the following documents should be obtained from the Client:
   - Letter requesting for change of name signed by the authorized signatories.
   - Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.
   - Certified true copy of Board Resolution for change of name.

(ii) In case of other corporate entities, the following documents should be obtained from the Client:
   - Letter requesting for change of name signed by the authorized signatories.

- Certified true copy of Board Resolution for change of name.
- Certificate of registration issued by SEBI / relevant Statutory Authorities, as applicable.

While carrying out the modifications, the name of any existing account holder of an account can neither be deleted nor any new name can be added. Participants can only make changes to the name(s) of existing account holder(s) of the account.

Change of Signature

1. The Client should make a request in writing specifying reasons for change in signature.
2. New signature should be duly attested by Client's banker.
3. Client should visit DP's office personally and produce valid proof of identity as well as the latest transaction statement of its account.
4. In the presence of officials of DP, Client should affix his/her new signature.

An authorised official of the DP shall, under his signature, verify the identity proof with the proof and photograph that were furnished at the time of opening of account and thereafter, if found satisfactory, make necessary changes in its records.

Since the Client in case of change in his/her signature is required to personally visit the DP's office as stated above, the DP need not obtain the transaction statement from that Client.

Figure 13

TAX IMPLICATION FOR DEMATERIALISED SHARES

The significant feature of the dematerialised securities is that they are fungible, i.e., all the holdings of a particular security are identical and inter-changeable and they have no unique characteristic such as distinctive number, certificate number, folio number, etc. As the holdings of any securities in dematerialised form is represented only by the account with the depository, under this system, it is not possible to link the purchase of a security with its sale by means of distinctive number, etc. For this reason, necessary amendments have been carried out in the Income-tax Act to provide for the computation of capital gains in respect of securities held in dematerialised form.

The primary issue under the Income-tax Act, in the case of securities whether held in physical form or in the dematerialised form, remains the determination of cost of acquisition and the period of holding. To determine cost of acquisition and date of purchase of securities, the contract note issued by the broker can be referred to. The only problem with securities held in dematerialised form is that, being fungible, the distinct trail linking every share to a certificate and its unique distinctive number and linking it with its subsequent sale is not available, thus making determination of 'period of holding' difficult.

Hence CBDT has clarified that in the case of securities held in dematerialised form, for determining 'date of transfer' and 'period of holding', the FIFO (first in first out) method would be applicable. When applied to an account holding dematerialised securities, it implies that, out of the existing holdings, the item that first entered into the account is deemed to be the first to be sold out.

However, when actually operating an account of dematerialised stock by applying FIFO system, certain other issues can arise. For instance, an investor can hold part of his holdings of a security in physical form and remaining in dematerialised form. Further, he may hold his dematerialised holdings in more than one account with one or more DPs. In such a situation there can be doubts whether the FIFO system is to be applied globally on the entire holdings of physical and dematerialised holdings or not. In this connection CBDT has clarified that:

- FIFO method will be applied only in respect of the dematerialised holdings because in case of sale of dematerialised securities, the securities held in physical form cannot be construed to have been sold as they continue to remain in possession of the investor and are identified separately.
- In the depository system, the investor can open and hold multiple accounts. In such a case, where an investor has more than one-security account, FIFO method will be applied account wise. This is because in case where a particular account of an investor is debited for sale of securities, the securities lying in his other account cannot be construed to have been sold as they continue to remain in that account.
- If in an existing account of dematerialised stock, old physical stock is dematerialised and entered at a later date, under the FIFO method, the basis for determining the movement out of the account is the date of entry into the account. This is illustrated by the following example:

Date of Credit	Particulars	Quantity
01/01/2000	Purchased directly in dematerialised form on 24/12/1999	2000
05/01/2000	Dematerialised shares originally purchased in March 1985	5000
10/01/2000	Purchased directly in dematerialised form on 06/01/2000	4000
15/01/2000	Dematerialised shares originally purchased in May 1974	3000

If say, 2500 shares were sold from out of this account, then the period of holding and the cost of acquisition of the first 2000 shares should be as from 24/12/1999 and the cost thereof, whereas the balance will be treated as having been acquired in March 1985, at the relevant cost. This is the effect of FIFO method.

CHAPTER 9

Transmission & Nomination

One of the lesser-known but widely experienced problems of dealing in securities is with regard to their transmission. The Companies Act, 1956, distinguishes **transmission** of shares from **transfer** of shares. While transfer of shares relates to a voluntary act of the shareholder, transmission is brought about by operation of law. The word "transmission" means devolution of title to shares, for example, devolution by death, succession, inheritance, bankruptcy, marriage, etc. The person on whom the shares devolve has to prove his entitlement by submitting appropriate documents and seek transmission. If the securities are held in the depository system, documents have to be submitted to the DP.

If the securities are held in physical form, the documents have to be sent to the company for effecting transmission. If the deceased shareholder had holdings in several companies, to effect transmission of securities, the relevant documents must be sent to each of the companies, alongwith the securities. Survivors have to follow-up with each of the companies in order to get the transmission effected before the book closure, if they wish to avail of the benefits accruing through such shares. In the depository system, such problems are mitigated as the securities are held as account balances in the electronic form. The process of transmission through NSDL is simple as well as quicker because the successor to the title interacts only with one entity i.e., his DP. Transactions can be for sole holding cases as well as for joint holdings.

Nomination Facility

The Companies (Amendment) Act, 1999 has introduced provisions for nomination in respect of shares, debentures, fixed deposits, etc. The nomination facility fulfils one of the long-felt needs of the investors. This facility was already in place for deposits in banking industry. Under the provisions, a shareholder, a debenture-holder, a bondholder or a deposit holder can nominate a person, in whom the shares or debentures or bond or deposits would vest, in the event of original investor's death. The facility can be availed of by any person whether resident Indian or a non-resident Indian investor.

Investors holding securities in dematerialised form have the option of nominating persons who would be entitled to receive securities outstanding in their names in the event of their death. Nomination is requested at the time of opening the depository account itself. There is a separate prescribed form for nomination under depository segment. Investors can appoint a nominee at the time of opening a depository account itself. Nominees can be changed at will by resubmitting the nomination details in the prescribed form. The DP has to enter and update the nominee

details submitted by the account holder. If the account holder is dead, the securities lying to the credit of the account holder may be transmitted to the nominee's account after the DP verifies the identity of the nominee. Nomination can be made only by individuals holding beneficiary owner accounts on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, karta of Hindu Undivided Family (HUF), holder of power of attorney cannot nominate. If the account is held jointly all joint holders will be required to sign the nomination form. Nomination in Depository Module.

Transmission of Securities held singly in the Depository with nomination.

The Client(s) may make a nomination of his/their account in favour of any person by filing with the relevant Participant the form laid out in Annexure JA (Figure 16).

A nomination, substitution shall be valid only if :-

a) it is submitted to the Participant by the rightful Client(s) or under his/their due authority.

b) it is in prescribed form (Annexure JA)

c) it is duly signed by Client(s)

d) it is properly signed and witnessed

e) signature of the Client(s) tally with the specimen signature records

f) the details of the securities entered in the nomination forms match those in the records of the Participant

g) the photograph of the Nominee is annexed to the nomination form

h) the Nominee has signed the nomination form and guardian in case of the nominee being a minor

Upon the death of the sole Client or the death of all the Clients, as the case may be, the nominee shall request the Participant in writing alongwith a certified true copy of the death certificate (or a duplicate copy of the death certificate if original lost or misplaced) issued by the competent authority to transmit the securities covered by the nomination to the account of the Nominee, held with any Depository. If the Nominee does not have an account with the Depository, the Nominee shall be required to open an account with any Depository

Transmission of Securities held singly in the Depository without nomination.

The legal heir(s) or legal representative(s) of the deceased have to make a request, in the prescribed form to the DP for transmitting the balances lying in the account of the deceased to their account.

The following documents have to be submitted with the request for transmission:

1. A copy of the death certificate, duly notarised;

2. A copy of the succession certificate, duly notarised, or an order of a competent court, if the deceased has not left a Will; or
3. A copy of the Probate or Letter of Administration duly notarised.

Where the market value of the securities held in each of the accounts of the deceased on the date of application-for transmission does not exceed Rs. One lakh, DP may admit the request for transmission. The following documents are sufficient:

i) Request for transmission in Annexure O;
ii) Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer;
iii) Letter of Indemnity made on appropriate non judicial stamp paper;
iv) An Affidavit made on appropriate non judicial stamp paper; and
v) No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
vi) As an alternate to No Objection Certificate from all legal heir(s) who do not object to such transmission specified at 12.6.2.3 (v), a copy of Family Settlement Deed duly attested by a Notary Public or by a Gazetted Officer provided that the Family Settlement Deed clearly vest the securities in favour of the person seeking transmission in his/her name and vesting of securities in his/her name is not contingent upon any other onerous conditions in such Family Settlement Deed.

Before effecting the transmission of securities, the DP ensures the validity of the documents submitted by the legal heir(s) or the legal representatives of the deceased. After effecting the transmission, the DP closes the account of the deceased.

Transmission of Securities held jointly in the Depository

In case of death of one of the Clients in a joint account, the surviving Client(s) shall request the Participant to transmit the balances lying in the Client account to the account of the surviving Client(s). The surviving Client(s) shall make an application to the Participant in the form specified in Annexure O alongwith a copy of the death certificate duly notarised. The surviving joint holder(s) will have to open a new account with the DP in their name(s). If the surviving client(s) wish to open a new account with the same Participant, then the Participant will open the new account in the name(s) of the surviving member(s), in the same order as in the original account, on the basis of the existing documents already in the possession of the Participant, provided that the said documents meet the prevailing requirements for opening an account. In case of securities held jointly

- The surviving holder(s) to have a separate account with any DP.
- Ensure all surviving holder(s) sign the instruction form.
- Ensure that instruction form is accompanied with a copy of notarised death certificate.
- Verify signature.

Procedure for Transmission of Securities held by Karta of Hindu Undivided Family (HUF) in the Depository:

Upon death of the Karta of a Hindu Undivided Family (HUF), the surviving member(s) of the HUF may appoint the eldest surviving male member of the HUF surviving members, as the new Karta of the HUF.

For transmission of securities to the account of the new Karta from the account of the deceased Karta, the surviving members through the new Karta shall make a joint application to the Participant in the Form specified in Annexure "O" (Figure 15) along with the following documents:

i. True Copy of the death certificate of the Karta, duly certified by a notary public;

ii. An appropriate order by a competent court,

If the surviving members or the New Karta express their inability to produce the order of a competent Court, and that the market value of securities lying to the credit of such account as on the date of application for transmission of securities does not exceed Rupees Ten Lakh then the Participant shall process the transmission request on the basis of the following documents:

a) Request for transmission in Annexure "O", duly signed by the New Karta;

b) A declaration of the list of surviving members of HUF in an affidavit in the prescribed form (Annexure "O"), duly notarised;

c) Letter of Indemnity in the prescribed form (Annexure "O") from the surviving members.

d) Where there is an objection from any member of the HUF, transmission of securities held in the beneficial owner account should be effected only on the basis of a Decree by a competent Court or the Deed of Partition.

The surviving members shall furnish to the Participant the certified copy of the Settlement Deed / Deed of Partition / Decree of the relevant Court duly stamped, in case the HUF goes into separation / partition for dealing with the securities lying in the beneficial owner account held by the deceased Karta, and furnish to the Participant the details of the beneficial owner accounts of the individual members in order to have the securities distributed to their respective accounts.

The Participant shall ensure that the documents submitted by the surviving members or the new Karta are in order and shall then effect a transfer of the balances to the client account of the new Karta.

After effecting the transmission, the Participant shall close the account held in the name of the deceased Karta.

Figure 14

Check List for Transmission

- ✏ The surviving holder(s)/ legal heir(s)/ representative(s) to have account with DP.
- ✏ All surviving holder(s) / legal heir(s)/ representative(s) to sign transmission instruction.
- ✏ In case of joint holdings, transmission instruction to be accompanied with notarised death certificate.
- ✏ In case of single holdings, additional documents are required (list provided in check list).
- ✏ In case of singly held securities (market value of which is < 1 lac per account), if relevant documents mentioned above are not available, request can be executed provided certain conditions are met
  - i) Request for transmission in Annexure O;
  - ii) Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer;
  - iii) Letter of Indemnity made on appropriate non judicial stamp paper;
  - iv) An Affidavit made on appropriate non judicial stamp paper; and
  - v) No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
  - vi) As an alternate to No Objection Certificate from all legal heir(s) who do not object to such transmission specified at 12.6.2.3 (v), a copy of Family Settlement Deed duly attested by a Notary Public or by a Gazetted Officer provided that the Family Settlement Deed clearly vest the securities in favour of the person seeking transmission in his/her name and vesting of securities in his/her name is not contingent upon any other onerous conditions in such Family Settlement Deed.
- ✏ Verify signature.
- ✏ Obtain and verify the PAN of the surviving holder(s)/ legal herir(s)/representative(s)/ nominee, as the case may be.

Figure 15 - Annexure O

TRANSMISSION FORM

Date ☐☐ ☐☐ ☐☐☐☐

To,
Name of Participant
Address of Participant

(1) I/We, the undersigned, being the

Executor(s) of the Will	☐	Legal heir(s)	☐
Administrator(s) of the Estate	☐	Joint holder(s)	☐
Successor(s) to the Estate	☐	Nominee	☐
Survivors of HUF	☐		

of Mr./Mrs./Ms. _____,
Mr./Mrs./Ms. _____ and Mr./
Mrs./Ms. _____, the deceased, of which *nomination / probate/ letter of administration / succession certificate was duly granted to me / us on the _____ day of _____ of _____ hereby request you to register me/us as the beneficial owner(s) in respect of the securities standing in the name of the said deceased under Client ID _____ DP ID _____, the details of which are as follows:

ISIN	Name of Company	No. of securities

(2) I/We give hereunder the details of my/our account with a Participant to which the security balances are requested to be transmitted:

Name	Client Id	DP Id

(3) List of Documents enclosed (for Individual accounts) (tick as applicable):

A For surviving holder(s) in a joint account
- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer.

B For nominee of the deceased:
- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer.

C For legal heir(s)/legal representative(s) where deceased was a sole holder and no nomination in the account - Value of holding not exceeding Rs.1 lakh on the date of application
- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer
- ☐ Indemnity (format given at Annexure OC)

- ☐ Affidavit (format given at Annexure OD)
- ☐ No objection certificate(s) (format given at Annexure OE)
- ☐ Family Settlement Deed [as an alternate to No objection certificate(s)]

D For legal heir(s)/Legal representative(s) where deceased was a sole holder and no nomination in the account - Value of holding was Rs. 1 lakh or more on the date of application

- ☐ Copy of death Certificate duly attested by a Notary Public or by a Gazetted Officer
- ☐ Succession certificate
- ☐ Letter of Administration
- ☐ Probate of the Will

(4) Declaration:

(Applicable only for legal heir(s)/legal representative(s) where deceased was a sole holder and no nomination in the account - Value of holding not exceeding Rs. 1 Lakh on the date of application)

We declare that the below mentioned person(s) are the only legal heir(s) of the deceased and there are not other legal heir(s). Of these, as specified below, some/all of them are claimants and some of them have given a No Objection Certificate in favour of other legal heir(s). Details are given below:

Sr. No.	Name of the legal heir(s)	Specify whether a claimant or given a No Objection Certificate

(5) List of Documents enclosed (for HUF accounts) (tick as applicable):

A Value of holding not exceeding Rs.10 lakh on the date of application. [Where there is an objection from any member of HUF, documents mentioned at B below must be submitted]

- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer.
- ☐ Indemnity (format given at Annexure OF)
- ☐ Affidavit (format given at Annexure OG)

B Value of holding was Rs. 10 lakh or more on the date of application.

- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer
- ☐ Court Decree
- ☐ Deed of Partition

C Separation/ partition of HUF:

- ☐ Copy of Death Certificate duly attested by a Notary Public or by a Gazetted Officer
- ☐ Settlement Deed
- ☐ Deed of Partition
- ☐ Court Decree

Sr. No.	Name of claimant	Signature of claimant

Note:

1. This request form should be signed by the surviving joint holder(s)/ legal heir(s)/ legal representative(s)/ nominee / all surviving members of the HUF, as the case may be.
2. * Strike off whichever is not applicable.

Indemnity to be executed on Non-judicial Stamp paper of appropriate value

ANNEXURE OC

LETTER OF INDEMNITY

(*to be given by legal heir(s)/legal representative(s) - value of holding not exceeding Rs.1 lakh on the date of application*)

To,
DP and NSDL
Address

Dear Sirs,

Sub : Transmission of securities standing in the name of Late Mr./Mrs. _____.

I/We hereby inform you that Mr./Mrs. _____ the deceased, was holding a Client account no. _____ with _____ a Depository Participant having DP ID _____. The said deceased was holding the following securities :

ISIN	Name of Company	No. of securities

The said deceased died intestate without leaving a Will on the _____day of _____ _____.

We further inform you that he/she left behind him/her as his/her only surviving heirs and next of kin, the following persons according to the Law of Intestate Succession applicable to him/her by which he/she was governed at the time of his/her death.

(a) _____
(b) _____
(c) _____

We have, therefore, approached you with a request to transfer the aforesaid securities in the name of the undersigned Mr./Mrs./Ms. _____ on my/our behalf without insisting of production of a succession certificate or an order of the court of competent jurisdiction and you have kindly agreed to do so on my/our executing an indemnity as is herein contained and on relying on the information herein given by us believing the same to be true.

In consideration therefore of your having at our request agreed to transfer securities to the name of the undersigned _____ I/we hereby jointly and severally agree and undertake to indemnify and keep indemnified, saved, defended, harmless you and your successors and assigns for all time hereafter against all losses, costs, claims, actions, demands, risks, charges, expenses, damages etc., whatsoever which you may suffer and/or incur by reason of your, at my/our request, transferring the said securities as herein above mentioned, to the undersigned _____ without insisting on production of a succession certificate or an order of the court of competent jurisdiction.

IN WITNESS WHEREOF THE said _____ [name(s) of applicant(s)] have here unto set their respective hands and seals this _____ day of _____ of _____ .

Signed, sealed and delivered by the said applicant(s)

_____

Signature(s) of applicant(s)

SURETY

I the undersigned certify that the above facts are true to the best of my knowledge and bind myself as surety to make good all claims, charges, costs, damages, demands, expenses and losses which the Participant/NSDL, its successors and assigns may sustain, incur or be liable for in consequence of complying with the request contained above of the applicant(s) herein and the Participant/ NSDL and its successors, assigns will be entitled to claim and realise all claims, charges, costs, damages, demands, expenses and losses from me or from my properties, as the case may be.

_____

Signature of Surety

Name : _____

Address: _____

_____

Date : _____

Place : _____

_____

(Signature of Magistrate/Notary)

Full Name and Address of Magistrate/ Notary: _____

PIN Regd. No. _____

Use space below to affix:

Notarial/Court Fee Stamp	Official Seal of Magistrate/Notary

Note: This indemnity is to be executed in the presence of a first class judicial or stipendiary Magistrate/Public notary.

Deed of Indemnity provided by each of the surviving members of the HUF indemnifying NSDL from and against all losses, liability, costs and expenses including legal fees

(Rs.200 stamp paper)

ANNEXURE OF

DEED OF INDEMNITY

(*Value of holding not exceeding Rs.10 lakh on the date of application*)

THIS DEED OF INDEMNITY is made at _____ this _____ day of _____ of _____

By:

Sr. No.	Name of Applicant	Age	Gender	Address

(Collectively, "**Surviving Members**")

IN FAVOUR OF:

_____ (Name of Participant), and having its registered address at _____ and acting as a duly registered Participant under the provisions of The Depositories Act, 1996, Regulations and Bye Laws made thereunder (hereinafter referred to as "Participant", which expression shall, unless it be repugnant or contrary to the context thereof, mean and include its successors and permitted assigns)

AND

National Securities Depository Limited (NSDL), and having its registered address at 4th Floor, Trade World, "A" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 and acting as a duly registered Depository under the provisions of The Depositories Act, 1996, Regulations and Bye Laws made thereunder (hereinafter referred to as "NSDL", which expression shall, unless it be repugnant or contrary to the context thereof, mean and include its successors and permitted assigns)

WHEREAS:

A. The Surviving Members are members of Hindu Undivided Family ("**HUF**"), which holds a beneficial owner account in the name of _____, the Deceased Karta, with the Participant bearing Client ID _____ ("**the said beneficial owner account**"), with Participant having DP ID _____;

B. _____ ("**the Deceased Karta**") was named as the account holder in the said beneficial owner account.

C. The Deceased Karta passed away on _____.

D. _____ is the new Karta of our HUF and shall hold the securities lying to the credit of the said Demat Account.

E. The surviving members have requested the Participant to transmit the securities held in the said beneficial owner account held in the name of the Deceased Karta to the beneficial owner account

opened in the name of the new Karta and bearing Client ID _____ held with _____ (Name of Participant) DP ID _____ and to effect the change in beneficial ownership.

F. The surviving members have requested the Participant to effect the foregoing change by transmitting the securities held in the said beneficial owner account held by the Deceased Karta to the beneficial owner account held in the name of the new Karta, who has been solemnly affirmed on oath to be the newly elected Karta, without insisting on production of a succession certificate or an order of the court of competent jurisdiction, which we undertake to file with the Participant no sooner than the same is available to us, and which we shall pursue in right earnest.

THIS DEED WITNESSTH that in consideration of _____ the Participant agreeing to process the aforesaid request for change of account holder by transmitting the securities held in the said beneficial owner account held in the name of the Deceased Karta to the beneficial owner account held in the name of the new Karta (Client ID _____; DP ID_____), that we hereby jointly and severally indemnify _____ the Participant and NSDL and agree to keep indemnified and hold the Participant and NSDL saved, harmless and defended for all time hereafter from and against all losses, claims, legal proceedings, actions, demands, risks, charges, taxes, duties, damages, costs, expenses, including attorney and legal fees and penalties whatsoever which may be initiated against the Participant or NSDL by reason of the Participant having agreed at our request to change the name of the account holder of the said beneficial owner account from the Deceased Karta to the new Karta as aforesaid without insisting on production of a succession certificate or an order of the court of competent jurisdiction. If called upon by the Participant or NSDL to do so, we shall join any proceedings that may be initiated against the Participant and or NSDL and we shall defend at our cost any such proceedings. Further, we shall initiate such proceedings as may be considered necessary by the Participant and or NSDL, if called upon by the Participant and or NSDL to do so, in order to protect the Participant's and or NSDL's interests and to further and perfect the indemnity granted hereby in favour of NSDL.

IN WITNESS WHEREOF:

Dated this _____ day of _____ of _____

Signed and delivered by the Surviving Members:

Name of Surviving Member(s)	Signature(s)

Before me
Notary Public

SURETY

I the undersigned certify that the above facts are true to the best of my knowledge and bind myself as surety to make good all claims, charges, costs, damages, demands, expenses and losses which the Participant/NSDL, its successors and assigns may sustain, incur or be liable for in consequence of complying with the request contained above of the applicant(s) herein and the Participant/ NSDL and its successors, assigns will be entitled to claim and realise all claims, charges, costs, damages, demands,

expenses and losses from me or from my properties, as the case may be.

_____
Signature of Surety
Name : _____
Address: _____
_____

Date : _____
Place : _____

_____
(Signature of Magistrate/Notary)

Full Name and Address of Magistrate/ Notary: _____
PIN
Regd. No. _____

Use space below to affix:

Notarial/Court Fee Stamp	Official Seal of Magistrate/Notary

Note: This indemnity is to be executed in the presence of a first class judicial or stipendiary Magistrate/Public notary.

This affidavit is to be executed on Non-judicial Stamp paper of appropriate value.

ANNEXURE OD

A F F I D A V I T

(*to be given by legal heir(s)/legal representative(s) - value of holding not exceeding Rs.1 lakh on the date of application*)

I _____ son/daughter/spouse of _____ residing at _____ do hereby solemnly affirm on oath and state as under :-

1. That Mr./Mrs. _____ the deceased, was holding an account having Client ID _____ with _____ a Depository Participant having DP ID _____. The said deceased was holding the following securities :

ISIN	Name of Company	No. of securities

2. That the deceased had died intestate on _____ at _____.
3. That the following are the only legal heir(s) of late Mr./Mrs. _____.

	Name	Address	Age	Relationship with the deceased
1				
2				
3				
4				

4. That out of aforesaid legal heirs Master/Kum. _____ aged _____ years is a minor and he/she is being represented by his/her father/mother and natural guardian Mr./Mrs. _____.

5. That all the legal heirs of my deceased _____ have applied to _____ **(DP name)** to register the aforesaid securities in my/our individual/joint beneficial owner account and have executed a Letter of Indemnity in favour of the Participant/NSDL holding the Participant/NSDL indemnified against any loss, cost, expenses or damages which may be caused to them in consequence of any claim which may be made by or on behalf of any person claiming any interest in the said shares.

_____
DEPONENT

VERIFICATION

I hereby solemnly affirm and say that what is stated herein above are true to my knowledge and nothing has been concealed therein and that I am competent to contract and entitled to rights and benefits of the above securities.

Solemnly affirmed at _____ on the _____ day of _____ of _____.

Signed in the presence of

Full Name and _____
Address of _____
Magistrate/ _____
Notary: _____ (Signature of Magistrate/Notary)
Pin :
Regd. No _____

Use space below to affix:

Notarial/Court Fee Stamps	Official Seal of Magistrate/Notary

Notes: 1. This affidavit is to be executed in the presence of a first class judicial or stipendiary Magistrate/ Public notary.
2. This affidavit should be signed by each deponent separately.

ANNEXURE OE

NO OBJECTION CERTIFICATE

(*to be given by legal heir(s)/legal representative(s) - value of holding not exceeding Rs.1 lakh on the date of application*)

Date ☐☐ ☐☐ ☐☐☐☐

To,
Name of Participant
Address of Participant

Dear Sirs,

Re : Transmission of security balances standing in the name of
late _____ under Client ID _____ DP ID _____ .

1. In connection with the above, I wish to inform you that Mr./Mrs. _____ expired on _____ and was holding the following securities under the Client ID _____ and DP ID _____.

ISIN	Name of Company	No. of securities

2. I the undersigned, residing at _____, am a legal heir of the said deceased.

3. I do not desire to make any claim of title of the said securities and have no objection whatsoever in transmitting the said securities in the name(s) of Mr./Mrs. _____ who has/have opened a beneficial owner account(s) under Client ID _____ and DP ID _____.

4. In consideration of registration of the aforesaid securities in the client account of Mr./Mrs._____ under DP ID _____ Client ID _____ at my request, I hereby agree to renounce all my rights existing as well as they may accrue to me in future in respect of the aforesaid securities.

Signed in the presence of

_____ Bank Manager

_____ Signature of the legal heir

Full Name and Address of Bank Manager

_____

_____

Note: This No Objection Certificate should be signed by each legal heir separately.

Affidavit from the surviving members of the HUF declaring that the person designated by them is indeed the new Karta of the HUF and as to completeness and accuracy of the information provided.

ANNEXURE OG

AFFIDAVIT

(*Value of holding not exceeding Rs. 10 lakh on the date of application*)

We, the applicants listed below, residing at the respective addresses set out below,

Sr. No.	Name of Applicant	Age	Gender	Address

do hereby solemnly affirm on oath and state that as under:

1. _____ ("the Deceased Karta") was holding a beneficial owner account bearing Client ID_____; DP ID _____ ("the said beneficial owner account") with _____ , (Name of the Participant), as the Karta for and on behalf of our HUF.
2. The Deceased Karta passed away on _____.
3. We are all the surviving members of a Hindu Undivided Family ("HUF").
4. We state and declare that the aforesaid list of surviving members is complete and exhaustive, and does not leave out any member of the HUF. We affirm that this list is accurate in all respects whatsoever.
5. The said Deceased Karta was holding the following securities in the said Demat Account: (Applicants to reproduce from the latest Transaction Statement or Statement of Holdings)
6. _____ is the new Karta for our HUF and shall hold the securities lying to the credit of the said beneficial owner account. We confirm to _____ (Name of the Participant) that the new Karta is indeed the new Karta of our HUF.
7. We have requested that the securities be transmitted from the said beneficial owner account held by the Deceased Karta to the beneficial owner account opened in the name of the Designated Karta (Client ID _____; DP ID _____) and have filed a Transmission Form on _____ (date). We state that all the information provided therein and in this Affidavit is complete and accurate in all respects and that all the members of the HUF are fully aware of the above request made to the Participant and there is no pending dispute, difference, objection or claim to the same among any of the members of the HUF in this regard.

V E R I F I C A T I O N

We hereby solemnly affirm and say that what is stated herein above are true to my knowledge and nothing has been concealed therein.

Solemnly affirmed at _____, this _____ day of _____ of _____:

Sr. No.	Name of Applicant (s)	Signature

Before me
Notary Public

Figure 16

NOMINATION

☐ I/We wish to make a nomination and do hereby nominate the following person in whom all rights and / or amount payable in respect of securities held in the Depository by me / us in the said beneficiary owner account shall vest in the event of my / our death.	
☐ I/We do not wish to make a nomination	
Name of the Nominee (Mr./Ms.)	
Relationship with the Applicant (if any)	
Address of Nominee	Pin Code ☐☐☐☐☐☐
Date of Birth (in case of minor)	D D M M Y Y Y Y — Signature of Nominee
Name of Guardian (Mr./Ms.) (in case Nominee is a minor)	
Address of Guardian	Pin Code ☐☐☐☐☐☐
Signature of Guardian	

Photograph of Nominee

Signature of Nominee across Photograph

Photograph of Guardian
(in case of minor)

Signature of Guardian across Photograph

Signature of two Witnesses

Name	Address	Signature with date
1.		
2.		

(To be signed by the applicant only in case of nomination)

(Sole/First Holder) (Second Holder) (Third Holder)

Notes :

1. All communication shall be sent at the address of the Sole/First holder only.
2. Thumb impressions and signatures other than English or Hindi or any of the other language not contained in the 8th Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.
3. As per NSDL Circular No. NSDL/PI/2004/1622 dated September 7, 2004 pursuant to SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 a copy of any one of the following documents may be accepted as proof of identity / proof of address (local/correspondence/foreign address as the case may be):

   Proof of Identity: Passport, Voter ID Card, Driving license, PAN card with photograph, Identity card/ document with applicant's Photo, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to Universities, g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and h) Credit cards/Debit cards issued by Banks.

   Proof of Address: Ration card, Passport, Voter ID Card, Driving license, Bank passbook, verified copies of Electricity bills (not more than two months old)/ Residence Telephone bills (not more than two months old)/ Leave and License agreement / Agreement for sale, Self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts, Identity card/ document with address, issued by a) Central/State Government and its Departments, b) Statutory/ Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to universities; and g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

   Participants must verify the copy of the document with the original.
4. Instructions related to nomination, are as below:

   I. The nomination can be made only by individuals holding beneficiary owner accounts on their own behalf singly or jointly. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the account is held jointly all joint holders will sign the nomination form.

   II. A minor can be nominated. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficial owner.

   III. The Nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu Undivided Family or a power of Attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.

   IV. Nomination in respect of the beneficiary owner account stands rescinded upon closure of the beneficiary owner account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.

   V. Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.

   VI. The cancellation of nomination can be made by individuals only holding beneficiary owner accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot cancel the nomination. If the beneficiary owner account is held jointly, all joint holders will sign the cancellation form.

   VII. On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.
5. Strike off whichever is not applicable.

CHAPTER 10

Dematerialisation

One of the methods for preventing all the problems that occur with physical securities is through dematerialisation (demat). India has adopted the demat route in which the book entry is made electronically against securities that are cancelled. The share certificates are shredded (i.e., its paper form is destroyed) and a corresponding credit entry of the number of securities (written on the certificates) is made in the account opened with the Depository Participant (DP).

The securities held in dematerialised form are fungible.[3] They do not bear any distinguishable features like distinctive number, folio number or certificate number. Once the shares are dematerialised, they lose their identification features in terms of share certificate distinctive numbers and folio numbers. Title to the securities owned is in terms of number of securities and not in terms of distinctive numbers, certificate numbers etc.

Each security is identified in the depository system by an International Securities Indentification Number (ISIN) and a short name. For example, a person owning 100 shares in ABC Ltd. in physical form will record his ownership as below:

Company Name: ABC Ltd.
No. of Shares: 100
Distinctive Nos.: 932654701 to 932654800
Certificate No.: ABC001263
Folio No.: A658542

In NSDL depository system, the record of ownership will be shown as:

INE001A01013 ABC by demat 100

International Securities Identification Number (ISIN)

Each of the securities dematerialised in the depository bears a distinctive ISIN - an identification number. International Securities Identification Number (ISIN) is a unique identification number for each security issued in any of the International Standards Organisation (ISO) member countries in accordance with the ISIN Standard (ISO 6166). ISO 6166 was developed for use in an international (cross-border) as well as domestic trades.

ISIN is a 12-character long identification mark. It has three components - a pre-fix, a basic number and a check digit. The pre-fix is a two-letter country code as stated under ISO 3166 (IN for India).

[3] The dictionary meaning of the word is "movable things that are standardised so that one unit is essentially the same as another which may be estimated and replaced by weight, number and measure".

The basic number comprises of nine alphanumeric characters (letter and/or digits). The check digit at the end of the ISIN is computed according to the modulus 10 "Double-Add-Double". It establishes that the ISIN is valid.

Securities issued by the same company, issued at different times or carrying different rights, terms and conditions are considered different securities for the purpose of allocating ISIN and are allotted distinct ISINs. In India, SEBI has delegated the assigning of ISIN of various securities to NSDL. Allotment of ISIN for G-sec is done by Reserve Bank of India. Different ISINs are allocated to the physical and dematerialised securities of the same issue.

To illustrate, ISIN INE 475C 01 012 has the following break up:

IN - India

E - Company

Last digit - check digit

First four digits 475C - Company serial number;

01 - equity (it can be mutual fund units, debt or Government securities);

01 - issue number;

2 - check digit.

The third digit (E in the above example) may be E, F, A, B or 9. Each one carries the following meaning:

E - Company

F - Mutual fund unit

A - Central Government Security

B - State Government Security

9 - equity shares with rights which are different from equity shares bearing INE number.

Whenever dealing with ISIN number, it is important to pay special attention to the third digit.

Securities that can be dematerialised

The entire depository system in India is governed by the rules made by the market regulator - SEBI. According to the SEBI (Depositories and Participants) Regulations, 1996, the following securities are eligible for holding in dematerialised form.

1. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of similar nature of any incorporated company or other body corporate, including underlying shares of ADRs and GDRs.
2. Units of mutual funds, rights under collective investment schemes and venture capital funds, commercial paper, certificate of deposit, securitised debt, money market instruments, government securities and unlisted securities.

A list of securities available for demat in NSDL depository is made known to all DPs by way of circulars sent through e-mail. The information is also put up on NSDL's Website - www.nsdl.co.in and in the monthly information bulletin, NEST Update.

Physical form of securities can be converted into book entry form in NSDL depository system only if the company which has issued the securities, has entered into an agreement with NSDL to offer demat facility.

The Demat Process

A holder of eligible securities in the depository system may get his physical holdings converted into electronic form by making a request through the DP with whom he has his beneficiary account.

Figure 17 - Annexure D of NSDL Business Rules

Participant's Name, Address & DP Id
(pre-printed)

DEMATERIALISATION REQUEST FORM

DRN
(to be filled-in by the DP) _____

Serial No. (Pre Printed) Date : _____

I/We request you to dematerialise the enclosed certificates into my/our account as per the details given below:

Client Id												
Sole/First Holder Name												
Second Holder Name												
Third Holder Name												
Company Name												
Type of Security	*Equity/Others (please specify)*											
Quantity to be Dematerialised (in figures)												
(in words)												
Face Value												
ISIN (To be filled in by the DP)	I	N										

Details of Securities :

☐ Free Securities			☐ Locked-in Securities		
Folio No.	Certificate Nos.		Distinctive Nos.		Quantity
	From	To	From	To	

Total No. of Certificates : _____

Details of Locked-in Securities:

Lock-in reason	
Lock-in release date	

(In case the space is found to be insufficient, an annexure containing the certificate details in the same format may be attached. Please use separate form for free securities and locked-in securities)

Declaration

I/We hereby declare that the above mentioned securities are registered in my/our name. The original certificates are hereby surrendered by me/us for dematerialisation. I/We also hereby declare that the securities surrendered by me/us for dematerialisation are free from any lien or charge or encumbrance and represents the bonafide securities of the company to the best of my/our knowledge and belief.

Holder(s)	***Signature(s)***
Sole/First Holder	
Second Holder	
Third Holder	

Participant Authorisation

We have received the above-mentioned securities for dematerialisation. The application form is verified with the certificates surrendered for dematerialisation and we certify that the application form is in accordance with the details mentioned in the enclosed certificates. It is also certified that the holders of the securities have beneficiary account with us in the same name(s).

Name of the Executive :
Signature : **Participant's Stamp & Date**

==========

Acknowledgement

Serial No. (pre-printed)

We hereby acknowledge the receipt of _____ shares/units/bonds/debentures of _____ surrendered for dematerialisation by Mr/Ms/M/s _____ having Client Id _____.

Date : **Participant's Stamp & Signature**

Prerequisites for Dematerialisation Request

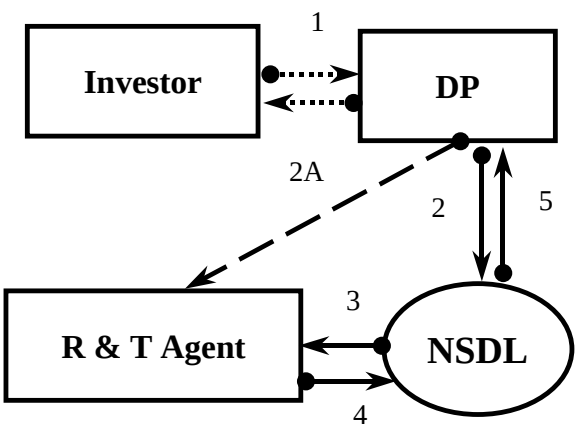
1. The registered holder of the securities should make the request.
2. Securities to be dematerialised must be recognised by NSDL as eligible. In other words, only those securities whose ISIN has been activated by NSDL, can be dematerialised in the NSDL system.

3. The company/Issuer should have established connectivity with NSDL. Only after such connectivity is established, the securities of that company/Issuer are recognised to be "available for dematerialisation" in the NSDL system.
4. The holder of securities should have a beneficiary account in the same name as it appears on the security certificates to be dematerialised.
5. The request should be made in the prescribed dematerialisation request form.

Procedure for Dematerialisation

Figure 18

Dematerialisation Process



Steps:

1. Client/ Investor submits the DRF (Demat Request Form) and physical certificates to DP. DP checks whether the securities are available for demat. Client defaces the certificate by stamping ' Surrendered for Dematerialisation'. DP punches two holes on the name of the company and draws two parallel lines across the face of the certificate.

2. DP enters the demat request in his system to be sent to NSDL.

2A. DP despatches the physical certificates along with the DRF to the R&T Agent.

3. NSDL records the details of the electronic request in the system and forwards the request to the R&T Agent.

4. R&T Agent, on receiving the physical documents and the electronic request, verifies and checks them. Once the R&T Agent is satisfied, dematerialisation of the concerned securities is electronically confirmed to NSDL.

5. NSDL credits the dematerialised securities to the beneficiary account of the investor and intimates the DP electronically. The DP issues a statement of transaction to the client.

1. DP provides dematerialisation request forms (DRF) to their clients.

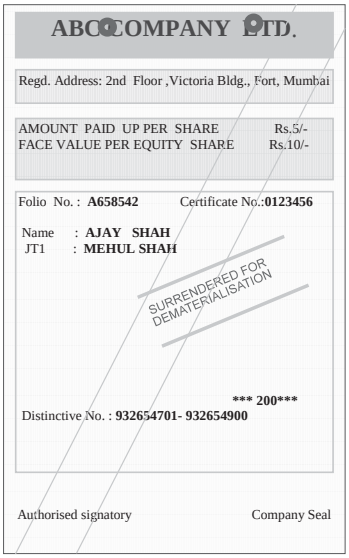
2. The client completes the DRF in all respects and submits to the DP along with the security certificates to be dematerialised.

3. The DP checks the DRF for validity, completeness and correctness. The following points shoud be checked particularly :

   - The security certificates sought to be dematerialised are attached to DRF.

   - The attached security certificates are marked (defaced) with the words 'Surrendered for Dematerialisation'. The size of the stamp should be atleast four inches in length and one inch in width (except GOI securities). DP must ensure that the security certificates submitted for dematerialisation to the Issuer or its Registrar and Transfer Agent, bear the DP name, DP Id and Client Id. This is a precautionary measure to prevent misuse of share certificates by anyone.

Figure 19


ABC COMPANY LTD.

Regd. Address: 2nd Floor ,Victoria Bldg., Fort, Mumbai

AMOUNT PAID UP PER SHARE Rs.5/-
FACE VALUE PER EQUITY SHARE Rs.10/-

Folio No. : **A658542** Certificate No.:**0123456**

Name : **AJAY SHAH**
JT1 : **MEHUL SHAH**

SURRENDERED FOR DEMATERIALISATION

***** 200*****
Distinctive No. : **932654701- 932654900**

Authorised signatory Company Seal

   - The certificates are not mutilated or defaced in a manner affecting any material information.

   - The name of client on DRF and the certificates is exactly the same as in the client's account in DPM. However, minor variations in the name (like abbreviated name, initials in place of first name, middle name, minor spelling mistake in the name) may be permitted if it can be reasonably established that both names are of the same person. The permitted variations refer to initials not being spelt out fully or put prior to after the surname. In

such cases, if the signature on the DRF matches the specimen signature available with the DP, the securities can be considered for demat.

- Details like security type, face value, paid-up value, pari-passu status, certificate numbers, distinctive numbers, number of certificates, total quantity of securities and lock-in status are filled-in correctly.
- Separate DRFs have to be submitted for:
  - ⇨ free and locked-in securities;
  - ⇨ securities locked-in for different reasons;
  - ⇨ each ISIN;
  - ⇨ securities of different paid-up value; and
  - ⇨ for each client account.
- DRF is signed by:
  - ⇨ the sole holder in case of single holding;
  - ⇨ all joint holders in case of joint holding;
  - ⇨ authorised signatories in the case of corporate accounts;
  - ⇨ constituted attorney in the case of NRI accounts.
  - ⇨ The signatures of the client as appearing on DRF should match with the signatures in the records of the DP. If the signatures do not match, the DP should satisfy itself about the identity of the client. If necessary, the DP may insist on attestation of DRF from bankers of the client. DRF should be signed by all the holders and match with specimen signatures. If the client has a signature registered with the company which is different from the specimen signature given to the DP, the client may be advised/allowed to affix both signatures on the DRF.

4. If the DRF and the accompanying security certificates are not found in order, the DP should return the DRF and certificates.
5. If DRF and accompanying certificates are found in order, the DP should accept the DRF and issue an acknowledgement to the client.
6. The DP should enter the dematerialisation request in DPM. DPM generates a request number (DRN), which should be mentioned on DRF.
7. An authorised person, other than one who entered the DRF details in the DPM, should verify the details of DRN and release a request to NSDL.
8. Once the DP has received the certificates defaced by the investor, the DP punches two holes on the name of the Company and draws two parallel lines on the face of the certificate. The

DP should forward the DRF and the relevant security certificates to the Issuer or its R&T Agent for dematerialisation. DRF and enclosures have to be sent at the "address to which physical certificates to be sent" communicated by NSDL. The forwarding letter should refer to the allotted DRN and should be sent within seven days of accepting it from the client.

9. The Issuer or its R&T Agent verifies the DRF and the accompanying certificates for validity, completeness and correctness. They also match the details with the intimation received from NSDL against the same DRN.

10. In case DRF is not found to be in order, the Issuer or its R&T Agent sends an objection memo to the DP, with or without DRF and security certificates depending upon the reason for rejection as given below:

Rejection Code	Rejection Reason
21	Signature mismatch
22	Signature of the 1st/2nd/3rd holder(s) not present
23	Mismatch between share qty received and DRF qty
24	Certificates sent are fake
25	Certificates sent are reported stolen
26	Duplicate certificates already issued
27	Old defunct certificates surrendered for demat.
28	Forfeited securities surrendered for demat.
29	Forged Endorsement on Certificate
30	Incorrect Holder(s) name / Pattern
31	Certificate details mismatch
32	DRF sent to incorrect registrar
33	Certificate(s) not received within 30 days
34	Court injunction pending
35	Demat request initiated under wrong ISIN
36	Allotment / Call Payment receipt not attached
37	Security Certificates recd not available for Demat
38	Rejected due to ACA
39	Deb/warrant certs recd instead of share certs
40	Transposition Form not submitted.
41	Transmission Form/Death Certificate not submitted
42	Investor request for rejection and a/c closure.
43	Shares under Stop Transfer
44	Changes in DP ID/Client ID on certs not authorized
45	Mismatch of DP ID/ Client ID on certificates
46	DRF not signed/ stamped by DP
99	Miscellaneous

11. The DP informs the client accordingly and requests removal of reasons for objection. The DP removes these or provides additional information to the Issuer or its R&T Agent within 15 days of receiving the objection memo.

12. If the DP fails to remove the objections within 15 days, the Issuer or its R&T Agent may reject the request and return DRF and accompanying certificates to the DP. The DP informs the client accordingly. The DP also returns the security certificates to the client and obtains an acknowledgement.

13. The DP, if the client so requires, may generate a new dematerialisation request and send the securities again to the Issuer or its R&T Agent.

14. If the Issuer or its R&T Agent finds the DRF to be in order, it informs NSDL and authorises it to create the appropriate credit balance in the client's account. DPM automatically credits the client's accounts when DM is updated. For the purpose of income tax calculations, the date of credit of securities by dematerialisation is taken as the date of acquisition of shares.

15. The DP, on receiving confirmation of credit entry in DPM, informs the client.

16. An R&T Agent is required to confirm/ reject a demat request within 15 days from the date of receipt of physical shares.

Checklist for Investors

While filling up the dematerialisation request form, investors need to check:

1. The DRF has to be obtained only from the DP with whom they have opened an account.
2. The DRF has to be filled in duplicate/triplicate as required by the DP.
3. All the information asked in the form is mandatory and has to be filled.
4. Separate forms should be filled for separate ISIN numbers of the company.
5. Separate forms should be filled for lock-in and free securities.
6. All the holders should sign the DRF form. Signatures should match with those of the specimens on the account opening form. However, if the signature with the company/R&T Agent is different from the signature with the DP, the client may affix both signatures.
7. The order of the holders should be same as that in the account opening form.
8. While submitting the shares they should be defaced by mentioning on it "surrendered for dematerialisation".

9. After submitting the certificates, an acknowledgement slip duly signed by the DP should be collected.

10. Demat request form for dematerialising government securities is different and is called " DRF - GS".

Checklist for DP

Before accepting the form and share certificates for dematerialisation the DP should check:

1. Client has submitted the securities for dematerialisation along with the Dematerialisation Request Form (DRF).

2. No dematerialisation request, other than one from a registered holder of securities, has been entertained.

3. The certificates submitted by the client for dematerialisation belong to the eligible list of securities admitted by the Depository.

4. Verify that the DRF submitted by the client has been filled completely and duly signed. The DP has to issue to the client an acknowledgement slip duly signed and stamped.

5. Verify the signature of the client on the form and compare it with the specimen available in its records. If the signatures are different, the DP has to ensure proper identification of the client.

6. NSDL issues circulars on caution to be exercised in respect of shares belonging to some companies. Such circulars should be referred to before accepting a demat request.

7. If the form is in order, the request details are entered in its DPM and the DPM generates a Dematerialisation Request Number (DRN).

8. The DRN so generated is entered in the space provided for the purpose in the DRF. The details given in the DRF should match with the details of reports generated by DPM and verified by a person other than the person who had entered the data.

9. The DRF is forwarded to the Issuer or its R&T Agent only after ascertaining that the number of certificates annexed with the DRF tallies with the number of certificates mentioned on the DRF, within 7 days of its receipt.

10. The details of the certificates submitted for dematerialisation with the details filled up are in consonance with the DRF.

11. The client has marked the certificates submitted for dematerialisation with the words "Surrendered for Dematerialisation".

12. DP must ensure that the security certificates submitted for dematerialisation to the Issuer or its Registrar and Transfer Agent bear the DP name, DP Id and Client Id. The safety and security of the certificates submitted for dematerialisation till the certificates were forwarded to the Issuer or its R & T has to be ensured.

13. Punch two holes on the company name on the security certificates before forwarding them to the Issuer or its R&T Agent.

14. Ensure that the client has filled in a separate DRF for securities having distinct ISINs.

15. Ensure that the client has filled in a separate DRF for locked in and free securities having the same ISIN.

16. Ensure that the client has submitted a separate DRF for each of his/their accounts maintained with the DP.

17. DRF and certificates have to be sent to the correct address of the company where they are accepted. NSDL issues circulars giving information about the addresses where physical documents will be accepted.

Figure 20

Precautions to be taken while processing DRF

- ✏ Ensure account to have the same sequence of names of holders and name structure as printed on the physical certificate.
- ✏ Ensure ISIN is activated
- ✏ Separate DRF for :
  - partly & fully paid-up shares
  - locked and free holdings
  - holdings locked in for different reasons
  - locked in holdings having different release date
  - different ISINs of the company
- ✏ ISIN to be entered by DP.
- ✏ All joint holders to sign DRF.
- ✏ Check DRF form with details on certificate.

Rejection of DRF

A demat request can be rejected in the case of the following objections. The table below gives the reasons for rejection and the action that DPs need to take in case of each objection.

	Description of Objection	Action to be taken by DP/Client
01 02	Physical quantity of shares/certificates received by R&T Agent from DP is less than what is mentioned in Demat Request Form **OR** Physical quantity of shares/certificates received by R&T Agent from DP is more than mentioned in Demat Request Form.	DRN confirmed for partial/physical quantity received from DP or treated under objection for total/partial quantity by R&T Agent. R&T Agent may retain documents received from DP. DP/ Client may contact R&T Agent for any further clarification and may submit fresh Demat Request Form to R&T Agent for excess quantity, if any, quoting reference of Objection letter and previous DRN to enable R&T Agent to link related entries/documents.
03 04 05 06	All/some certificates received by R&T Agent from DP is/are found to be fake. All/some certificates received by R&T Agent from DP is/are reported lost or stolen and a stop is recorded in computer master file(s) of R&T Agent. Duplicate certificates earlier issued by R&T Agent in lieu of all/some certificates received for demat by R&T Agent from DP. All/some certificates received by R&T Agent are found to bear forged or fake endorsements of Name(s) of Holders.	DRN confirmed for genuine/valid quantity received from DP or treated under objection for total/partial quantity by R&T Agent. R&T Agent may retain documents received from DP. DP/client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries/documents.
07 08	Name(s) of Holder(s) on all/ some certificates received by R&T Agent differs in Demat Request Form received by R&T Agent from DP. **OR** Details of all/some certificate(s) differ in Demat Request Form received by R&T Agent from DP	DRN confirmed for valid quantity received from DP or treated under objection for total/ partial quantity by R&T Agent. R&T Agent may retain documents received from DP. DP/Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries. DP/Client to submit fresh Demat Request Form to R&T Agent with correct particulars, quoting reference of Objection letter and previous DRN to enable R&T Agent to link related entries/ documents.

	Description of Objection	Action to be taken by DP/Client
09	All/some certificate(s) sent to incorrect R&T Agent by DP	R&T Agent may retain some documents and others returned to DP by R&T Agent. DP/ Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries. DP/Client may forward documents to pertinent R&T Agent with fresh Demat Request Form.
10	Certificate(s) not received by R&T Agent in time from DP	DRN treated under objection and closed by R&T Agent. DP/Client may forward certificate(s) for dematerialisation with Demat Request Form to R&T Agent under a new/ fresh DRN.
11	Signature(s) of Client on Demat Request Form do not tally with specimen signatures of Holder(s) recorded with R&T Agent.	R&T Agent may retain DRN and documents received from DP for DRN treated under objection. DP/Client may submit to R&T Agent a fresh Demat Request Form duly signed by holder(s) in exact manner as recorded earlier with R&T Agent. In case holder(s) is/are unable to reproduce the signatures as required, specimen of signature(s) of signature(s) on Demat Request Form may be verified by a Bank Manager, under his official stamp/seal, giving full particulars/details of holder(s) bank account number, etc.
12	Stop recorded as per Bank Lien/Statutory Authority/Court Order/etc. in computer master file(s) of R&T Agent against all/some certificates) received for dematerialisation from DP	DRN confirmed for valid quantity received from DP or treated under objection for total/ partial quantity by R&T Agent. R&T Agent may retain documents received from DP. DP/Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries/documents.
13	DRFs can also be rejected on miscellaneous grounds. These could be any of the reasons given in I to V given below:	

	Description of Objection	Action to be taken by DP/Client
I	Recovery pending from Client for double or excess payment of Dividend/Interest made by R&T Agent.	R&T Agent may retain DRN and documents received from DP for DRN treated under objection. DP/Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries. Client to refund of amount to R&T Agent, quoting reference of Objection letter and DRN to enable R&T Agent to link related entries/documents.
II	Duplicate Interest warrants issued by R&T Agent as per request of Client and bank reconciliation incomplete to determine status of payment.	R&T Agent may retain DRN and documents received from DP for DRN treated under objection. DP/Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries. DP/Client to await some time for bank reconciliation completion by R&T Agent, before DRN is confirmed or treated under objection as in 13 (i).
III	All/some certificates held under different Holding basis(i.e. Single or Joint) is/are received by R&T Agent under same DRN.	Refer objection codes 7 and 8 above for action taken by R&T Agent and to be taken by DP/Client.
IV	All/some certificates sent by DP to incorrect address or office(s) of R&T Agent.[For e.g.: All operations of Master Growth and Grand Master schemes of Unit Trust of India are handled on completely decentralised basis and computer masterfile(s) are separately maintained at specific locations. DPs have to therefore, forward documents for demat to R&T Agent's address at Mumbai, Calcutta, Delhi and Chennai mentioned on reverse of every certificate].	DRN confirmed for valid quantity received from DP or treated under objection for total/ partial quantity by R&T Agent. R&T Agent may retain some documents and others returned to DP by R&T Agent. DP/Client may contact R&T Agent for any further clarification, quoting reference of Objection letter to enable R&T Agent to link related entries. DP/Client may forward documents to pertinent address or office(s) of R&T Agent with fresh Demat Request Form.
V	All/some certificates received by R&T Agent from DP do not relate to ISIN (Scheme/ Security code) mentioned in Demat Request Number or Form.	Refer objection codes 7 and 8 above for action taken by R&T Agent and to he taken by DP/Client.

	Description of Objection	Action to be taken by DP/Client
14	Demat request initiated under wrong ISIN.	R&T Agent may reject the demat request and forward the documents to the DP. A fresh Demat Request to be generated under the correct ISIN by the DP. The documents to be sent to the concerned R&T Agent.
15	Allotment/call money payment not attached.	R&T Agent may reject the demat request and forward the documents to the DP. Client to attach the Allotment/call money payment advice and submit the same to the DP for generating a new DRN.In case of any clarification, DP/Client may contact R&T Agent quoting the reference number of the Objection letter.
16	Security certificates not available for demat.	R&T Agent may reject the demat request and forward the rejected documents to the DP. DP to contact the client and inform the client accordingly.
17	Rejected under Automatic Corporate Action.	R&T Agent may process the demat request of the investor. If the documents are found in order the R&T Agent may credit the account of the client with proportionate number of shares through Credit Corporate Action.Client to check the Transaction Statement and if the shares have not been credited in the demat account, client to contact the Company/R&T Agent.

The DP has to inform his client about the rejection if and when the R&T Agent has rejected the DRF.

Subsequent Disputes

Any dispute regarding the title of securities (in physical form) after they have been dematerialised and credited to a client's account, has to be settled amongst the DPs, clients and Issuer or its R&T Agent. The procedure for dispute settlement is laid down in *SEBI Guidelines for Good and Bad Delivery of documents*, as is done in the case of physical securities.

Transposition cum Demat

NSDL has amended its Bye-Laws and Business Rules to enable investors to transpose names of the joint holders alongwith the process of dematerialisation through their DPs. Prior to this amendment, investors having shares in joint names (Mr. A & Mr. B), but in different sequence (Mr. B & Mr. A) were either required to open multiple accounts for each sequence (Mr. A & Mr. B and Mr. B & Mr. A) or to effect the transposition directly with the Issuer/R&T Agent and then dematerialise their securities through their DPs.

In case of transposition-cum-dematerialisation, the Client can get securities dematerialised in the same account if the names appearing on the certificates match with the names in which the account has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and Dematerialisation Request Form (DRF)

Figure 21 – Annexure OA of NSDL Business Rules

TRANSPOSITION FORM
(for transposition and demat cases)

Date								

To,

Name of Participant
Address of Participant

We, the undersigned, being the joint holder(s) of securities of (Name of the Company) wish to have our holdings transposed in the following order in which we have an account with you. We are also submitting the certificate(s) alongwith DRF for dematerialisation.

Names on the certificate of security:

Name	Signature(s)

Details of our client account:

DP Id	Client Id	Names of the account holders

Note: Separate Transposition form should be filled by the joint holders for securities having distinct ISINs

Transmission and Dematerialisation of Securities :

In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased removed from the security certificate(s) and get them dematerialised by submitting the security certificates alongwith the Transmission Form as per Annexure OB (Figure 22) and the Dematerialisation Request Form (DRF) to the Participant.

Figure 22 - Annexure OB of NSDL Business Rules

FORM FOR TRANSMISSION ALONGWITH DEMATERIALISATION

To,

Participant's Name, Address & DP id
(pre-printed)

Date : _____

I/We, the undersigned, being the joint holders of the following securities along with Mr./Mrs./ Ms._____ *(name of the deceased)* wish to have the name of the deceased deleted from the security certificates. A copy of the death certificate, duly notarised and the dematerialisation request form alongwith the physical certificates are enclosed. I/We request you to process the same and advise the Issuer/R & T Agent accordingly. The details are given below:

Client Id								
Company Name								
Type of Security Equity/Others *(please specify)*								
Quantity (in figures)								
(in words)								

Sr. No.	Name of the survivor(s)	Signature(s)
1.		
2.		
3.		

(to be filled -in by the Participant)

ISIN	I	N										
Dematerialisation Request No. (DRN) of the dematerialisation request												

Instructions :

1. Separate forms should be filled up for each ISIN by the survivor(s).
2. Each form should be accompanied by a copy of the death certificate, duly notorised.

Rematerialisation

Rematerialisation is the exact reverse of dematerialisation. It refers to the process of issuing physical securities in place of the securities held electronically in book-entry form with a depository. Under this process, the depository account of a beneficial owner is debited for the securities sought to be rematerialised and physical certificates for the equivalent number of securities is/are issued.

A beneficial owner holding securities with a depository has a right to get his electronic holding converted into physical holding at any time. The beneficial owner desiring to receive physical security certificates in place of the electronic holding should make a request to the Issuer or its R&T Agent through his DP in the prescribed Rematerialisation Request Form (RRF).

Figure 23 - Annexure H of NSDL Business Rules

REMATERIALISATION REQUEST FORM

(pre-printed serial nos.)

PARTICIPANT NAME	
DEPOSITORY PARTICIPANT - ID	
RRN	DATE

I/We hereby declare that the below mentioned account may be debited to the extent of my/our rematerialisation request and equivalent certificates be issued for the same. I/We hereby declare that the below mentioned person(s) are the beneficial owners of the securities mentioned.

Account No.	
Account Holder Name	
No. of Securities to be Rematerialised : (nos.)	
(in words)	
Lot Type Requested	Market lot / Jumbo
Name of the Security	
Name of Issuing Company	
Face Value	
ISIN	

The rematerialisation request is for locked shares Yes/ No

Quantity :

Lock in Reason :

Lock in Release Date (dd-mm-yyyy)

Address : (to be filled in only if change in address is to be recorded)

																Pin												

Authorised Signature(s)

	Name	Signature
First/Sole Holder		
Second Holder		
Third Holder		

Participant Authorisation

Received the above mentioned securities for rematerialisation from :

Account No.															
ISIN															
Date															
Account No.															
Name of the first holder															

The application form is verified with the details of the beneficial owner's account and certify that the application form is in order. The account has sufficient balances to accept the rematerialisation as requested. It is also certified that the beneficial owners signatures are verified and found in order. The other details of the beneficial owners as extracted from the records are enclosed.

Forwarded by : (Seal)

Signature : (Name of the Executive)

(to be printed from the system)

Remat Request No.

Status : **Sub - Status :** **(Occupation) :**

In Case of Individuals

Name(s) in full																											
First/Sold holder																											
Second holder																											
Third holder																											

In case of Corporates

Name

Full Address

Tax Information

	PAN/GIR No.	Circle/ward/district
Sole/First Applicant		
Second Applicant		
Third Applicant		

Residential status : **Resident / NRI**

In Case of NRI Holding

Indian Address			
Foreign Address			
Nationality			
RBI Approval No.		Date	
Bank Account No.			

Lock in Reason

Lock in Release Date (dd-mm-yyyy)

Acknowledgment

Participant's Name Address and ID **(pre-printed serial no.)**

We hereby acknowledge the receipt of a rematerialisation request for _____ no. of shares of _____ (security details) from _____ (Name) holding a/c no. _____ surrendered on _____ (date) to be delivered in market lots / jumbo lots of _____ certificates .

Participant's Signature (Seal)

On receipt of RRF, the DP checks whether sufficient free balance of the securities sought to be rematerialised is available in the account of the client. If sufficient balance is available, the DP accepts the RRF and communicates the request to NSDL through the DPM system.

When NSDL receives the rematerialisation request, it intimates the Issuer or its R&T agent about such requests. NSDL sends this intimation to R&T agents on a daily basis on the DPM-SHR system.

DP should forward the RRF to the Issuer or its R&T Agent within seven days of accepting the RRF from the client. The Issuer or its R&T Agent, after validating the RRF, should confirm to NSDL that the RRF has been accepted. On receipt of such acceptance from the Issuer or its R&T Agent, NSDL removes the balances from the respective client's account.

On rematerialisation, R&T Agent issues security certificates as per the specifications given by the client in the RRF. Thereafter, the Issuer or its R&T Agent despatches the security certificates for the re-materialised securities to the client and his name is entered in the Register of Members of the company. The certificate of securities should be sent to the clients within a period of 30 days from receipt of such RRF by the Issuer or its R&T Agent.

The new certificates may not necessarily bear the same folio or distinctive numbers as those that investor had previously, i.e., prior to his getting them in demat form.

When a rematerialisation request is sent, the securities in the client account will not be available for delivery/transfer immediately. The client will have to wait for physical certificates to reach him before they can be sold. Thus the client would encounter temporary illiquidity on the securities requested for in rematerialised form.

Prerequisite to a Rematerialisation Request

1. The beneficial owners of the securities should make the request.
2. There should be sufficient free balance of securities available in the beneficiary account to honour the rematerialisation request.

Rematerialisation Process

1. The DP should provide rematerialisation request forms (RRF) to clients.
2. The client should complete RRF in all respects and submit it to the DP.
3. The DP should check RRF for validity, completeness and correctness. In particular, the following points should be checked.
    - There is sufficient free balance available in the client's account to honour the rematerialisation request.
    - The name of client on RRF is exactly the same as that in the client account.
    - In case of joint holding, the order of names appearing on RRF is the same as in the client's account.
    - Details like security type, face value, Issuer's name and lock-in status are filled-in correctly.

- The client has indicated his option to receive physical certificates either in jumbo lot for the entire quantity requested or in market lot.
- Separate RRF are submitted for
  - ⇨ free and locked-in securities;
  - ⇨ securities locked-in for different reasons;
  - ⇨ each ISIN
  - ⇨ securities of different paid-up value; and
  - ⇨ each client account.
- RRF is signed by
  - ⇨ the sole holder in case of single holding;
  - ⇨ all joint holders in case of joint holding,
  - ⇨ authorised signatories in the case of corporate accounts,
  - ⇨ constituted attorney in the case of NRI accounts;

4. If RRF is not found in order, the DP should return the RRF to the client for rectification.
5. If RRF is found in order the DP should accept RRF and issue an acknowledgement to the client.
6. DP should enter the rematerialisation request in DPM. DPM will generate a remat request number (RRN) which should be mentioned on RRF.
7. An authorised person, other than one who entered the RRF details in DPM, should verify the details of RRN and release the request to the depository.
8. The DP should complete the authorisation of RRF and forward it to the Issuer or its R&T Agent for rematerialisation. The DP should forward RRF to the Issuer or its R&T Agent within seven days of accepting it from the client.
9. The Issuer or its R&T Agent should verify the RRF for validity, completeness and correctness. It should also match the details with the intimation received from the depository against the same RRN.
10. In case the Issuer or its R&T Agent finds RRF in order, it should confirm the remat request The Issuer or its R&T Agent should then proceed to issue the physical security certificates and despatch them to the beneficial owner.
11. In case RRF is not found to be in order, the Issuer or its R&T Agent sends an objection memo to the DP, with or without RRF, depending upon the reason for rejection. RRFs are sent back on the following grounds:
    - ⇨ Incomplete or incorrect RRF
    - ⇨ RRF details mismatch
    - ⇨ RRF not received by registrar
    - ⇨ Rejected due to ACA
12. The DP, on receiving confirmation of debit entry in DPM, should inform the client accordingly.

The entire process takes a maximum of 30 days. No trading is possible on the securities sent for rematerialisation.

CHAPTER 11

Trading and Settlement

One of the basic services provided by NSDL is to facilitate transfer of securities from one account to another at the instruction of the account holder. In NSDL depository system both transferor and transferee have to give instructions to its depository participants [DPs] for delivering [transferring out] and receiving of securities. However, transferee can give 'Standing Instructions' [SI] to its DP for receiving in securities. If SI is not given, transferee has to give separate instructions each time securities have to be received.

Transfer of securities from one account to another may be done for any of the following purposes:

a. Transfer due to a transaction done on a person to person basis is called 'off-market' transaction.
b. Transfer arising out of a transaction done on a stock exchange.
c. Transfer arising out of transmission and account closure.

A beneficiary account can be debited only if the beneficial owner has given 'Delivery Instruction' [DI] in the prescribed form. [Figure 24 / 25] Participants may use the old format as well as the new format for Delivery Instructions by Clients. Separate forms have to be used for transferring securities within NSDL and between depositories.

Figure 24 - Annexure L of NSDL Business Rules

New Format

Participant Name, Address & DP Id.
(Pre-printed)

DELIVERY INSTRUCTIONS BY CLIENTS

Serial No. (Pre-printed)

Client Id. (Pre-stamped) ☐☐☐☐☐☐☐☐ Date (dd-mm-yyyy) ☐☐☐☐☐☐☐☐

I/We hereby request you to **debit** my /our account as per the following details

For Market Trades (Receiver Details)

CM-BP-Id	CM Name	Market Type	Settlement No.	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (To be filled by DP)

For Off-Market Trades (Receiver Details)

DP Id	DP Name	Client ID	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (To be filled by DP)	Reason / Purpose (*)	Consideration, if any

Execution Date **(dd-mm-yyyy)** | | | | | | | | |

No. of Instructions
(in figure) _____

1 _____ **2** _____ **3** _____

Participant Stamp, Date & Time **(in words)** _____ **Authorised Signatory(ies)**

Instructions:
1. To be submitted in duplicate for acknowledgement.
2. In case of joint holdings, all joint holders must sign.
3. Please strike off unused rows.
4. (*) - Like Gift, Donation, etc.

Figure 26 - Annexure M of NSDL Business Rules

Participant Name, Address & DP Id

(Pre-printed) **RECEIPT INSTRUCTIONS**

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We hereby request you to **credit** my/our account as per the following details:

(To be filled in if Deliverer is a **Clearing Member**)

CM-BP-Id	I N
CM Name	

(To be filled in for **Market Trades**)

Market Type	
Settlement No.	I N

(To be filled in if Deliverer is a **Client**)

DP-Id	I N
DP Name	
Client Id	

ISIN	Security Name	Quantity (In Figures)	Instruction No. (to be filled by DP)

Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions:
1. To be submitted in duplicate for acknowledgement.
2. In case of joint holdings, all holders must sign.

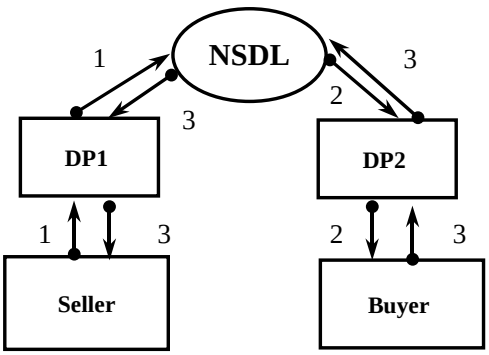
The DI for an off-market trade or for a market trade has to be clearly indicated in the form by marking appropriately. The form should be complete in all respects. All the holder(s) of the account have to sign the form. If the debit has to be effected on a particular date in future, account holder may mention such date in the space provided for 'execution date' in the form.

This chapter deals with settlement of off-market trade and market transfer for instructions received in the prescribed form as given above. Transfers arising out of transmission and account closure are discussed under the chapter on transmission and account opening respectively.

Settlement of Off-Market Transactions :

Figure 27

Off - Market Trade



1. Seller gives delivery instructions to his DP to move securities from his account to the buyer's account.
2. Buyer automatically receives the credit of the securities into his account on the basis of standing instruction for credits.
3. Buyer receives credit of securities into his account only if he gives receipt instructions, if standing instructions have not been given.
4. DP needs to be extra careful in verifying the signature of the client if large quantities of securities are being debited to the account.
5. Funds move from buyer to seller outside the NSDL system.

Any trade that is cleared and settled without the participation of a clearing corporation is called off-market trade, i.e., transfer from one beneficiary account to another due to a trade between them. Large deals between institution, trades among private parties, transfer of securities between a client and a sub-broker, large trades in debt instruments are normally settled through off-market route.

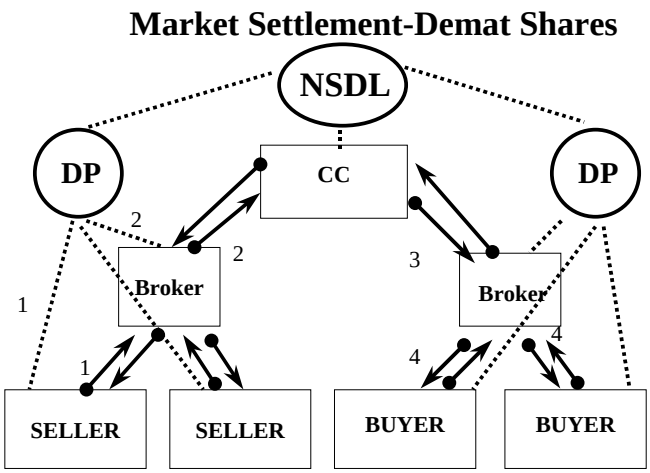
The transferor will submit a DI with 'off-market trade' ticked off to initiate an off-market debit. The account holder is required to specify the date on which instruction should be executed by mentioning the execution date on the instruction. The debit will be effected on the execution date. DP will enter the instruction in the DPM if the instruction form is complete in all respects and is found to be in order. DPM will generate an 'instruction number' for each instruction entered. DP will write the instruction number on the instruction slip for future reference.

The instruction will be triggered on the execution date. If there is adequate balance in the account, such quantity will be debited on the execution date. If adequate balances do not exist in the account, then instruction will wait for adequate balances till the end of the execution day. The account will be debited immediately on receipt of adequate balances in the account. If adequate balances are not received till the end of the day of the execution date, the instruction will fail.

Transferee will receive securities into the account automatically if SI were given to the DP at the time of account opening. If SI is not given, transferee has to submit duly filled in 'Receipt-Instruction' [RI] form for every expected receipt. Exchange of money for the off-market transactions are handled outside the depository system

Settlement of Market-Transaction :

Figure 28



A market trade is one that is settled through participation of a Clearing Corporation. In the depository environment, the securities move through account transfer. Once the trade is executed by the broker on the stock exchange, the seller gives a delivery instruction to his DP to transfer securities to his broker's account.

The broker has to then complete the pay-in before the deadline prescribed by the stock exchange. The broker removes securities from his account to CC/CH of the stock exchange concerned, before the deadline given by the stock exchange.

The CC/CH gives pay-out and securities are transferred to the buying broker's account. The broker then gives delivery instructions to his DP to transfer securities to the buyer's account. The movement of funds takes place outside the NSDL system.

1. Seller gives delivery instructions to his DP to move securities from his account to his broker's account.
2. Securities are transferred from broker's account to CC on the basis of a delivery out instruction.
3. On pay-out, securities are moved from CC to buying broker's account.
4. Buying broker gives instructions and securities move to the buyer's account.

Transfer of securities towards settlement of transactions done on a stock exchange is called settlement of market transaction. This type of settlement is done by transferring securities from a beneficiary account to a clearing member account.

Brokers of stock exchanges that offer settlement through depository are required to open a 'clearing member account'. In addition to the brokers, custodians registered with SEBI and approved by stock exchanges can open a clearing member account. These accounts are popularly known as 'Broker settlement account'. A client who has sold shares will deliver securities into the settlement account of the broker through whom securities were sold.

The following are important descriptions of a transaction done on a stock exchange. All these descriptions have to be written in the 'DI' slip.

Market Type

Stock exchanges offer different market segments in which trades can be done. The segmentation is done by the type of settlement or type of trade.

Each of the segments is denoted as 'market type' in NSDL depository system. The stock exchange which offers these market types, generally, recognize these settlements with a two character code. The DI slip should contain the market type for which securities are being transferred to the clearing member. The contract note/trade confirmation slip given by the broker/ sub-broker will indicate the market type.

Settlement Number

Trading periods of each of the market segments is identified by a settlement number. Every settlement number has a trade beginning day, trade-ending day, settlement pay-in day and settlement pay-out day. Stock exchanges divide a period of one year [generally calendar year] into several settlement periods and allocate settlement number for each settlement-period. All these days collectively are called 'settlement calendar'. DPM system will give complete details of settlement calendar for each stock exchange. The DI slip should contain the settlement number for which the securities are being transferred to the clearing member.

Clearing Member

Every broker in a stock exchange offering settlement in dematerialised securities will have to open a distinct account called 'clearing member account'. It is identified with a number called 'CM-BP-ID'. If a broker deals in more than one stock exchange, he will be allotted one CM-BP-ID per stock exchange. The DI slip should contain the CM-BP-ID relevant to the stock exchange in which the trade was done.

Delivery Deadline

Stock exchanges set a deadline time by which clearing member are expected to deliver securities. Clearing member can deliver securities within the deadline time only if they have received securities from their clients. In order to ensure that clients give securities in time to the clearing member, SEBI has prescribed deadline time by which clients have to give securities to clearing members. SEBI has advised DPs to instruct their clients to submit the settlement instructions on T+1 (in physical form upto 4 p.m. and 6 p.m. in case of electronic instructions) for pay-in of securities, viz.; instructions to transfer securities from Client account to CM Pool account, Inter-Settlement Instructions, CM Pool to CM Pool account transfers and Delivery-Out Instructions, etc. For example, pay-in for trades executed on 'Monday' will be on Wednesday. Hence, Clients will have to submit instructions to their Participants (upto 4 p.m. in case of physical and upto 6 p.m. in case of electronic instructions) on Tuesday. The client must submit the delivery instruction slip to its Depository Participant before the DPs acceptance deadline.

Steps in Pay-in and Pay-out :

Figure 29 - Annexure S of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

DELIVERY-OUT INSTRUCTIONS BY CLEARING MEMBERS FOR PAY-IN

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We request you to **debit** my/our CM account as per the following details:

Name of Clearing Corporation	
Instruction Type	☐ Reversible ☐ Irreversible (Please tick in only one of the boxes as may be applicable)

ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (to be filled by DP)

Market Type : _____ Settlement No. : ☐☐☐☐☐☐☐ Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions:

1. To be submitted in duplicate for acknowledgement
2. Irreversible delivery-out instructions are instructions which cannot be cancelled once effected.
3. Use separate forms for reversible delivery-out instructions and irreversible delivery-out instructions.
4. In case it is not explicitly mentioned that it is an irreversible delivery-out instruction, it will be assumed to be a reversible delivery-out instruction

Figure 30 - Annexure T of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

DELIVERY INSTRUCTIONS BY CLEARING MEMBERS ON PAY-OUT

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We hereby request you to **debit** my/our CM account as per the following details of the receiving clients:

Client Id	Client Name	DP Id	DP Name	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (To be filled by DP)

Market Type : _____ Settlement No. : ☐☐☐☐☐☐☐ Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions: To be submitted in duplicate for acknowledgement

The process of a broker [CM] submitting securities being towards the securities sold by him on behalf of his client, to CC/CH of a stock exchange is called 'pay-in'. All CM's are expected to complete the pay-in before the deadline time prescribed by the stock exchange. In a depository environment, the following steps have to be completed to execute the 'pay-in' successfully :-

– The clients of the brokers who have sold securities will move the securities to the broker-settlement account before the deadline time.
– CM will move securities from his account to CC/CH of the stock exchange concerned, before the deadline time given by the stock exchange. If the CM is unable to give delivery within the time, the shortage is purchased by the CC/CH in an open auction and the difference in price will be collected from the CM.

The process of a CC/CH transferring the securities to the broker's settlement-account for the quantity of securities purchased by them on behalf of their clients is known as 'pay-out'. Pay-out time is also pre-determined by the settlement calendar. The following steps are taken to distribute securities received in pay-out to buying clients:-

– The CC/CH credits the buying CM account immediately on pay-out.
– The CM/broker will transfer securities from his CM Settlement account to the accounts of the buyer.
– If the buying client is a sub-broker, such sub-broker will transfer securities to the final client using the off-market route.

Direct Delivery by Clearing Corporation to Client Account

Direct delivery of securities to the clients can also be effected by the Clearing Corporation, subject to completion of necessary procedures.

Inter-Settlement Transfers

Figure 31 - Annexure SS of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

INTER-SETTLEMENT INSTRUCTIONS

Serial No. (Pre-printed)
Client Id (Pre-stamped)

Date : _____

I/We hereby request you to move securities in my/our account as per the following details:

From	
Market Type	
Settlement No.	

To	
Market Type	
Settlement No.	

ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (to be filled by DP)

Name of Clearing Corporation : _____

Execution Date : _____

Participant Stamp, Date & Time

Authorised Signatory(ies)

Instructions: To be submitted in duplicate for acknowledgement.

In a clearing member account, the securities are always kept in a bucket of specific market type and settlement number. The clearing member may have to move securities from one bucket with a different market type-settlement number combination to another bucket from where pay-in is to be effected. To effect this movement a clearing member can give an instruction to move securities from one settlement to another settlement which is called 'inter-settlement'.

Tracking of securities received for pay-in

A CM is required to track the securities, which it has received for pay-in. A CM can obtain such information from the following sources:

1. Its clients : CM may contact selling clients to inquire whether they have delivered securities.
2. Its DP: CM may contact its DP to find out the deliveries received into its CM settlement account.
3. Internet - using SPEED-e website of NSDL.

NSDL offers a secured Internet based service for clearing members [such as brokers] of stock

exchanges linked to NSDL. This service named Internet-based Demat Account Statement [IDeAS] enables the clearing members to view details of their clearing member settlement accounts directly on the Internet. Data available include:

- Balance lying in CM settlement account
- Transactions for securities delivered by the client [for pay-in]
- Transactions for securities delivered by the CM to CC [pay-in]
- Transactions for securities delivered by CC to CM [pay-out]
- Transactions for securities delivered by CM to clients [after pay-out]

Details of all settlements for which pay-in had taken place in last 4 days and for which pay-in is scheduled in next 4 days and current day is available. Data is updated online with a maximum delay of half an hour.

All the above data can be downloaded and input in CM's back office for further use. This facility is of immense help to the CM as the downloaded data can be applied in their back office system to automatically flag the clients who are yet to deliver the securities for pay-in. This will enable them to follow-up with such clients for pending deliveries.

Automatic Delivery-out

(1) Delivery-out instructions for moving securities from CM Settlement Account to CM Delivery Account can be generated automatically by the respective Clearing Corporations based on the net delivery obligations of its Clearing Members. The Clearing Corporation can generate Auto DOs on behalf of those Clearing Members who have authorized it in this regard. The Auto DOs will be generated around the time of download of the delivery obligations to the Clearing Members. Such Clearing Members will not be required to give delivery-out instruction forms to the Participants for Pay-in to the Clearing Corporation in respect of the automatically generated DOs. The Clearing Members can know the Auto DOs either by way of downloads from the Clearing Corporation or through the Auto DO Report from the Participants or from IDeAS facility on Internet.

(2) Auto DOs will not be generated in the following cases and the Clearing Members will have to give Delivery-out Instruction forms to their Participants as usual :

(a) *Non Pari-Passu shares or multiple ISINs* - The Auto DOs will be generated only for the main ISIN. Example: A Clearing Member has to deliver 1000 shares of L & T for Pay-in. If he has 600 shares under ISIN INE018A01014 and 400 shares under ISIN INE018A01022 i.e. L & T (LE), the Auto DO will be generated for the entire 1000 shares under ISIN INE018A01014. In respect of the 400 shares lying under ISIN INE018A01022, the Clearing Member will have to give Delivery-out Instruction form to the Participant. If the Clearing Member wants to deliver shares under an ISIN

different from the one for which Auto DO is generated, then he has to cancel the Auto DO and give Delivery-out Instruction form to the Participant for the ISIN he wants to deliver.

(b) *Irreversible Delivery-out (IDO)* - Auto DOs will not be generated for IDOs required to be given for the purpose of margin payment / exemption, etc.

(i) In case IDO is given before generation of Auto DO, Clearing Members will have to ensure that an instruction is given to the Participant subsequently for cancellation of the corresponding Auto DO alongwith Delivery-out Instruction form for the balance quantity.

(ii) In case IDO is given after generation of Auto DO, Clearing Members will have to ensure that the Auto DO is first cancelled before execution of the IDO. Further, a Delivery-out Instruction form for the balance quantity should also be given to the Participant.

(c) *Shifting of CM Settlement Account from one Participant to another Participant* - Auto DOs will be generated only in respect of one CM Settlement Account i.e., the CM Settlement Account which is designated for receiving pay-out as of the date of generation of Auto DOs. The Clearing Member must carefully monitor the delivery instructions for Pay-in as the securities might be lying during the shifting process in both the CM Settlement Accounts.

(3) Clearing Members will be required to give Inter-settlement Instructions to the Participants for securities lying in another settlement as usual.

(4) Participants can generate separate reports from the DPM both for Auto DOs and manual DOs.

(5) All the existing features of DOs viz.; remaining valid till the NSDL Deadline time and partial delivery for insufficient balance will be applicable for Auto DOs also.

CM Settlement to CM Settlement instructions :-

The CM may give instructions to its participant to debit its settlement account and credit the settlement account of another CM in a prescribed format. The CM may give receipt instructions to its participants for crediting its settlement account from settlement account of another CM in the format laid down. Alternatively, a CM may give standing instruction to its participant to credit its settlement account. The participant shall ensure that the instruction form is complete and the signature of the CM is valid. The participant shall execute the instructions of the CM to debit/credit the settlement account of the CM.

Figure 32 - Annexure ST of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

CM POOL TO CM POOL DELIVERY INSTRUCTIONS BY CLEARING MEMBERS

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We hereby request you to debit my/our account as per the following details:

From	
Market Type	
Settlement No.	

To	
Market Type	
Settlement No.	
CM-BP-Id	

ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (to be filled by DP)

Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions: To be submitted in duplicate for acknowledgement.

Figure 33 - Annexure SU of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

CM POOL TO CM POOL RECEIPT INSTRUCTIONS BY CLEARING MEMBERS

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We hereby request you to credit my/our account as per the following details:

From	
Market Type	
Settlement No.	

To	
Market Type	
Settlement No.	
CM-BP-Id	

ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (to be filled by DP)

Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions: To be submitted in duplicate for acknowledgement.

Inter-depository transfer :-

Transfer of securities from an account in one depository to an account in another depository is termed as an inter-depository transfer. This facility is quite similar to account transfers within NSDL.

- As per SEBI (Depositories and Participants) Regulations, 1996, both the depositories must be inter-connected to enable inter-depository transfers.
- It can be done only for securities that are available for dematerialisation on both the depositories.
- The account in NSDL can be either a clearing account or a beneficiary account.
- For debiting the clearing account or the beneficiary account with NSDL, the form for "Inter-depository delivery instruction" is required to be submitted by the clearing member/beneficial owner to its DP.
- For crediting the clearing account or the beneficiary account, the standing instruction given for automatically crediting the account is applicable. In case the standing instructions are not given, then the form for "Inter-Depository Receipt Instruction" is required to be submitted by the clearing member/beneficial owner to its DP.
- Inter Depository Transfer instructions for the day are exchanged online between the two depositories.
- The deadline time for DPs to verify & release Inter Depository Transfer delivery/ receipt instructions is 6 p.m. on weekdays and 2.30 p.m. on Saturdays.

With effect from July 4, 2009, it is mandatory to capture target settlement ID details of CDSL as mentioned by Clients / Clearing Members in the inter depository instruction slips, otherwise, the same will not be considered for settlement at CDSL

Figure 34 - Annexure N of NSDL Business Rules

Participant Name, Address & DP Id

(Pre-printed)

INTER-DEPOSITORY DELIVERY INSTRUCTIONS

Serial No. (Pre-printed)
Client Id (Pre-stamped)

Date : _____

I/We hereby request you to **debit** my/our account as per the following details:

Market Type: _____
(To be filled if the deliverer is a Clearing Member)

Settlement No. | | | | | | | |

Target Depository-Id :		ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No.	Reason / Purpose (*) (#)	Consideration (*)
Target Client-Id	Target Settlement Details							

Execution Date : _____

Participant Stamp, Date & Time

Authorised Signatory(ies)

Instructions:

1. To be submitted in duplicate for acknowledgement
2. (*) - This Information is required only if Source Client Id is a Beneficiary Owner.
3. (#) - Like Gift, Donation, etc.

Figure 35 - Annexure NA of NSDL Business Rules

Participant Name, Address & DP Id
(Pre-printed)

INTER-DEPOSITORY RECEIPT INSTRUCTIONS

Serial No. (Pre-printed)

Client Id (Pre-stamped) Date : _____

I/We hereby request you to **Credit** my/our account as per the following details:

Market Type: _____
(To be filled if the deliverer is a Clearing Member)

Settlement No.

Target Depository-Id :		ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No.	Reason / Purpose (*) (#)	Consideration (*)
Target Client-Id	Target Settlement Details							

Execution Date : _____

Participant Stamp, Date & Time **Authorised Signatory(ies)**

Instructions:

1. To be submitted in duplicate for acknowledgement
2. (*) - This Information is required only if Target Client Id is a Beneficiary Owner.
3. (#) - Like Gift, Donation, etc.

Figure 36

Check List for Settlement

- ✏ Verify signature.
- ✏ Ensure strict adherence to submission of instructions within pre-defined settlement deadlines.
- ✏ Advise and ensure that all clients (if joint holders) sign instruction. Only in case of CM a/c the facility of either one or all joint holders is permitted.
- ✏ Verify all fields in instruction form.
- ✏ Accept delivery instructions on T+1 (in physical form upto 4 p.m. and 6 p.m. in case of electronic instructions) for pay-in of securities.
- ✏ Check RBI approval in case of NRI transactions.
- ✏ In case of natural guardian, no court approval is needed for movement of securities from the account held in name of the minor.

DPs may also use Combined Delivery Instruction Slip (DIS) for Account Transfer & Inter-Depository Instructions. The format is given overleaf (Annexure LA).

SPEED-e

Depository transactions are time-critical. Any lapse or failure to deliver securities before the stipulated time may result in financial losses. With the shortening of settlement cycle, time available with the investors to submit instructions to their DPs has reduced considerably. This problem is even more severe if investors staying at far-off locations are required to submit these instructions at the offices of DPs. To help investors submit their instructions conveniently, NSDL has set up an Internet based service called ***SPEED-e***, thus eliminating the geographical barrier.

Demat account holders (including brokers) can submit delivery instructions to their Depository Participants (DPs) electronically, thus eliminating the need to submit instructions in paper form. The facility features high level of security (128 bit SSL) for server authentication and data encryption. The instructions submitted by the account holders are digitally signed. SPEED-e allows both interactive and batch file based operation with digital signature. Thus data entered by the account holder is received into the depository participants system and executed. As the instruction is reconfirmed by the client under client's verifiable authority, depository participant acts on it directly without any modifications in the instructions.

ANNEXURE LA
(New Format)

Participant Name, Address & DP Id.
(Pre-printed)

COMBINED - DELIVERY INSTRUCTIONS BY CLIENTS

Serial No. (Pre-printed)

Client Id. (Pre-stamped) | | | | | | | | | Date **(dd-mm-yyyy)** | | | | | | | | |

I/We hereby request you to **debit** my /our account as per the following details:

For Market Trades (Receiver Details)

CM-BP-Id	CM Name	Market Type	Settlement No.	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (To be filled by DP)

For Off-Market Trades (Receiver Details)

DP Id	DP Name	Client ID	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No. (To be filled by DP)	Reason / Purpose (#)	Consideration, if any

For Inter - Depository Transfers

Market Type: _____ Settlement No. | | | | | | | |

(To be filled if the receiver is a Clearing Member)

Target Depository -Id :		ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)	Instruction No.	Reason / Purpose (*) (#)	Consideration, if any (*)
Target Client - Id	Target Settlement Details							

Execution Date **(dd-mm-yyyy)** | | | | | | | |

Participant Stamp, Date & Time

No. of Instructions
(in figure) _____
(in words) _____

1_____ 2_____ 3_____
Authorised Signatory(ies)

Instructions:
1. To be submitted in duplicate for acknowledgement.
2. In case of joint holdings, all joint holders must sign.
3. Please strike off unused rows.
4. (*) – This Information is required only if it is an Off-Market Trades.
5. (#) – Like Gift, Donation, etc.

Features of SPEED-e

- Submission of delivery instructions
- View status of execution of instructions
- Submission of instructions to freeze / unfreeze account(s) / ISIN(s) and / or specific quantity of securities under an ISIN (for Smart Card Clients only)
- Operation of a Joint account by any / all account holders jointly using multiple authorisation facility (for Smart Card Users only)

Types of Users

Services under ***SPEED-e*** are available to Clients as well as CMs whose DPs have subscribed to ***SPEED-e***. Clients/CMs who are desirous of using these services will be required to register as a 'User'. There are two types of Users viz., Password Users and e-token Users.

Password Users: Password Users are Clients who are allowed to submit delivery instructions only in favour of a maximum of three pre-notified CM accounts.

e-Token Users: ***SPEED-e*** offers a number of additional features and higher level of security to e-token Users. E-token Users (Clients and CMs) can submit both market and offmarket instructions. Clients who are e-token Users can freeze / unfreeze their account(s) / ISIN(s) and / or specific quantity of securities under an ISIN. Freeze request executed byClients through ***SPEED-e*** cannot be unfrozen by the DP. Further, in case of joint accounts, any / all joint holders can operate the account using multiple authorisation facility.

e-Token is a hardware device which can be connected to standard USB interface and which is embedded with Digital Signature Certificate (DSC) issued by a trusted third party i.e. Certificate Authority (CA) with private key of the user for digitally signing the transaction

Client List Download' for DP on SPEED-e

Client List Download is provided on Speed-e wherein DPs who have subscribed to ***SPEED-e*** facility will get the list of clients who have subscribed for ***SPEED-e*** facility & list of Clearing Members who have subscribed for ***SPEED-e*** facility. The downloaded file will contain the list of clients that are in Active/Suspended status at the time of download by the DP user in the ***SPEED-e*** system.

IDeAS (Internet-based Demat Account Statement)

NSDL launched its first Internet-based initiative, ***SPEED*** (Securities Position Easy Electronic Dissemination), in February 2000 now called ***IDeAS*** (Internet-based Demat Account Statement). This facility is available on SPEED-e website for viewing balances and transactions in demat

accounts. It is available to the Users of SPEED-e, Clearing Members who have subscribed to IDeAS and to those clients whose Participants are registered for IDeAS. The information (balances and transactions) are updated on an online basis with a delay of maximum 30 minutes.

Features of *IDeAS*

➢ *Clients (Beneficial Owners):*

Client can view the transactions for a period of past 30 days. Clients can select the period upto 30 days from the current date, to view the transactions. Print-out of the screen can also be taken. Clients can also download the transaction statement on a monthly basis. Further, ***IDeAS*** also features the facility of download of digitally signed monthly transaction statements for a period of 12 months."

➢ *Clearing Members (CMs)*

CMs can view and download the latest balances and transactions in their pool accounts in respect of settlements for the current pay-in date, previous four and next four pay-in dates.

Other features:

a) View ISIN-wise positions / transactions for a given market type and settlement number.

b) View Delivery-out instructions, which are in 'overdue' status, for a given market type and settlement number.

c) Download transactions in the Pool Account and import into back-office system to determine shortages for follow-up with Clients.

d) Download ISIN master to keep the back-office system up-to-date.

Client List Download' for DP on IDeAS

Client List Download is provided on IDeAS wherein DPs who have subscribed to IDeAS facility will get the list of clients who have subscribed for IDeAS facility. The downloaded file will contain the list of clients that are in Active/Suspended status at the time of download by the DP user in IDeAS.

Securities Trading Information Easy Access and Delivery (STEADY)

Using the infrastructure of ***SPEED-e***, NSDL has developed its third Internet-based application, ***STEADY*** (Securities Trading Information Easy Access and Delivery), which is a means of transmission of trade information electronically across market participants.

STEADY will enable electronic communication between brokers, custodians and fund managers in respect of Custodian trades. In order to use the ***STEADY*** facility, brokers, custodians and fund managers will have to access ***STEADY*** website on Internet with smart card, bearing digital

signature certificate issued by licensed Certifying Authority (CA), approved by NSDL. Further all batches and uploads from brokers / custodians / fund managers will be digitally signed by the respective users and will be accepted by ***STEADY*** only after successful verification of digital signature. Also all downloads obtained by brokers / custodians / fund managers will bear the digital signature of ***STEADY*** site.

For Custodian Trades: STEADY will enable brokers to submit batch of contract notes alongwith trade details in a pre-defined fixed file / ISO formats. Once the batches are uploaded, custodians will be able to download the contract note alongwith trade details in ISO 15022 message format MT 515 for processing in their back office (These messages will bear NSDL's digital signature).

At their back office, custodians will carry out the matching process and periodically upload the Contract note Status Changes (CSC) (MT-548) to the system through STEADY. Brokers will be able to view the CSC and download the Contract Note Status (CNS) to their back office. CSC will be in a pre-defined fixed file or ISO format as the case may be. The custodians will upload the CSC file only when there is change in status of the contract note or in the event of contract note remaining in pending status.

For Domestic Trades: STEADY will enable brokers to submit batch of contract notes alongwith trade details in a pre-defined fixed file / ISO format. Once the batches are uploaded, fund managers will be able to download the contract notes in fixed file or ISO format as the case may be, for processing in their back office

At their back office, fund managers will carry out the matching process and periodically upload the Contract note Status Changes (CSC) (MT-598) to be used by brokers through ***STEADY***. Custodian will be able to download contract note MT-515 which are matched by fund manager. The contract notes can also be viewed online. Fund Managers will be able to upload instructions to custodians as a settlement advice. Custodians will be able to download these instructions in ISO 15022 message format MT 54X for processing in their back office.

SMS Alert facility for NSDL demat account holders

Introduction

NSDL provides SMS Alert facility for demat account holders whereby they can receive alerts directly from NSDL as per the details below:

1) All Debits (transfers)
2) Credits for IPO, sub-division and bonus.
3) Failed instructions
4) Overdue instructions
5) Change of mobile number

6) Change of address

7) Credit/debit of Mutual Fund units

Under this facility, investors can receive alerts, a day after such debits (transfers) take place or debit instruction failing as the case may be and on the same day when such credits take place. These alerts are sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). Alerts for debits are sent, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, alerts are sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP or on IDeAS website, if the investor is an IDeAS subscriber.

Benefits

1. Investors will get to know about debits and credits for IPO and offer for sale allotment, sub-division, bonus and failed debit instructions due to insufficient balance without having to call-up their DPs.
2. Investors need not wait for receiving Transaction Statements from DPs to know about such debits and credits.
3. In case of any discrepancy, the investor can approach its DP for clarification sooner.

Charges

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

Registration

This facility is available to investors who request for such a facility and provide their mobile numbers to the DPs. In case mobile numbers already given have changed, investors need to inform their DPs about the new numbers by way of written requests. Investors who have not yet provided their mobile numbers to their DPs can also avail this facility by intimating their mobile numbers to their DPs (starting with digit '9') and submit a written request for this facility. This facility is not available to investors who have registered mobile numbers originating outside India.

Thus, this facility will be available to the investors provided they have given their mobile numbers to their DPs and the DPs have captured the numbers in the computer system and have also enabled (ticked) the SMS flag in their system.

Anti-Money Laundering Measures (AML)

NSDL in consultation with the Financial Intelligence Unit - India (FIU-IND), has evolved certain

criteria for generating alerts and provides the details to the DPs so that the Participants could identify suspicious transactions, if any and submit the report directly to The Director, FIU-IND.

Accordingly, the following criteria have now been finalised amongst the depositories for generating alerts (pertaining to Off-market transactions only):

(i) Details of debits due to off-market or IDT transfers, involving 'x' or more shares or having value of Rs. 'y' and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

(ii) Details of credits due to off-market or IDT transfers, involving 'x' or more shares or having value of Rs. 'y' and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

(iii) Details of debit transactions (subject to minimum of 'z' shares), if securities debited in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, exceed 10 times the average size of the transaction. For this purpose, average was calculated over the total number of securities in all ISINs debited in an account in the past 30 days.

(iv) Details of credit transactions (subject to minimum of 'z' shares), if securities credited in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, exceed 10 times the average size of the transaction. For this purpose, average was calculated over the total number of securities in all ISINs credited in an account in the past 30 days.

(v) Details of all transactions involving 'w' or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of the following transactions:

- Demat ;
- Remat and
- Pledges.

(vi) Details of credits due to off-market or IDT transfers, for more than 'v' transactions, in a single account executed during the fortnight.

(vii) Transactions in dormant accounts: Any debit transaction in the dormant account will be reported as alert. It may be mentioned that any account having no 'Debit' transaction in the last 6 months will be considered as 'Dormant' account for this purpose.

Salient points of the NSDL-Depository Operations Module

1. The test is of 75 minutes duration.
2. The total marks for the examination are 100.
3. Each participant should secure a minimum of 60% of the marks to be eligible to receive the certificate in NSDL - Depository Operations Module.
4. Thus a participant should secure a minimum of 60 marks out of total 100 to pass the test.
5. A participant should secure a minimum of 80% of the marks to be a certified trainer.
6. Thus a participant should secure a minimum of 80 marks out of total 100 to be certified as a trainer.

LIST OF TEST CENTRES TO APPEAR FOR NCFM EXAMINATION

Sr. No.	Test Centre	Contact details
1	National Stock Exchange of India Ltd. United India Building, 2nd Floor Near Kashmir Emporium Opp. Apna Bazaar, Sir Phirozeshah Mehta Road Fort, Mumbai-400001 (Landmark - Above Indian Bank)	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai 400051 Tel : (022) 26598252 / 8216 Tel : (022) 26598171 / 72 Tel : (022) 26598100 - 114 Fax : (022) 26598393
2	National Stock Exchange of India Ltd. 4th Floor, Jeevan Vihar Building Parliament Street, New Delhi-110001 (Landmark - Near Patel Chowk, Metro Station)	Tel : 011-23344313-27 Fax : 011-23366658 Email : ncfm_delhi@nse.co.in
3	National Stock Exchange of India Ltd. 1st Floor, Park View Apartments 99, Rash Behari Avenue Kolkata – 700 029 (Landmark - Deshpriya Park, Near Priya Cinema, Above GKB Opticals)	Tel : (033) 24631802/40 400 400 Fax : (033) 40400440 Email : ncfm_kolkata@nse.co.in
4	National Stock Exchange of India Ltd. 2nd Floor, Ispahani Centre, Door No 123-124, Nungambakkam High Road, Nungambakkam, Chennai - 600 034 (Landmark - Next to Income Tax Office / CA Institute)	Tel : (044) 28332500/01 Fax : (044) 28332521 Email : ncfm_chennai@nse.co.in
5	National Stock Exchange of India Ltd. H No.3-6-322 Mahavir House, IInd Floor Chamber no.203 & 204 Basheerbagh, Hyderabad : 500029 (Landmark - Near Police Commissioner's Office, Basheerbagh Square)	Tel : 040-23227084/5 Fax : 040-23227086 Email : ncfm_hyderabad@nse.co.in
6	National Stock Exchange of India Ltd. 406 Sakar II, Near Ellis Bridge Ahmedabad – 380 006 (Landmark - Opp. Town Hall, Near Ellisbridge)	Tel : 079-26580212 - 13 Fax : 079-26576123 Email : ncfm_ahmedabad@nse.co.in
7	Any other centre (depending on demand)	

Additional information on the NCFM programme can also be obtained at NSE's web-site: www.nse-india.com or by e-mailing at ncfm@nse.co.in.