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1. Capital Markets

Introduction

Markets exist to facilitate the purchase and sale of goods and services. The financial market exists to facilitate sale and purchase of financial instruments and comprises of two major markets, namely the capital market and the money market. The distinction between capital market and money market is that capital market mainly deals in medium and long-term investments (maturity more than a year) while the money market deals in short term investments (maturity upto a year).

Capital market can be divided into two segments viz. primary and secondary. The primary market is mainly used by issuers for raising fresh capital from the investors by making initial public offers or rights issues or offers for sale of equity or debt. The secondary market provides liquidity to these instruments, through trading and settlement on the stock exchanges.

Capital market is, thus, important for raising funds for capital formation and investments and forms a very vital link for economic development of any country. The capital market provides a means for issuers to raise capital from investors (who have surplus money available from saving for investment). Thus, the savings normally flow from household sector to business or Government sector, which normally invest more than they save.

A vibrant and efficient capital market is the most important parameter for evaluating health of any economy.

Functions of the capital market

The major objectives of capital market are:

- To mobilize resources for investments.
- To facilitate buying and selling of securities.
- To facilitate the process of efficient price discovery.
- To facilitate settlement of transactions in accordance with the predetermined time schedules.
**Investment Instruments**

Investment is a deployment of funds in one or more types of assets that will be held over a period of time. Various forms of investment options are available to an investor. They cover bank deposits, term deposits, recurring deposits, company deposits, postal savings schemes, deposits with non-bank financial intermediaries, government and corporate bonds, life insurance and provident funds, equity shares, mutual funds, tangible assets like gold, silver and jewellery, real estate and work of arts, etc.

Capital market instruments can be broadly divided into two categories namely

- Debt, Equity and Hybrid instruments.
- Derivative Products like Futures, Options, Forward rate agreements and Swaps.

**Debt**: Instruments that are issued by the issuers for borrowing monies from the investors with a defined tenure and mutually agreed terms and conditions for payment of interest and repayment of principal.

Debt instruments are basically obligations undertaken by the issuer of the instrument as regards certain future cash flows representing interest and principal, which the issuer would pay to the legal owner of the instrument. Debt instruments are of various types. The key terms that distinguish one debt instrument from another are as follows:

- Issuer of the instrument
- Face value of the instrument
- Interest rate and payment terms
- Repayment terms (and therefore maturity period / tenor)
- Security or collateral provided by the issuer

Different kinds of money market instruments, which represent debt, are commercial papers (CP), certificates of deposit (CD), treasury bills (T-Bills), Govt. of India dated securities (GOI SECs), etc.

**Equity**: Instruments that grant the investor a specified share of ownership of assets of a company and right to proportionate part of any dividend declared. Shares issued by a company represent the equity. The shares could generally be either ordinary shares or preference shares.

**Major difference between Equity and Debt**: Share represents the smallest unit of ownership of a company. If a company has issued 1,00,000 shares, and a person owns 10
of them, he owns 0.01% of the company. A debenture or a bond represents the smallest unit of lending. The bond or debenture holder gets an assured interest only for the period of holding and repayment of principal at the expiry thereof, while the shareholder is part-owner of the issuer company and has invested in its future, with a corresponding share in its profit or loss. The loss is, however, limited to the value of the shares owned by him.

**Hybrids**: Instruments that include features of both debt and equity, such as bonds with equity warrants e.g. convertible debentures and bonds.

**Derivatives**: Derivative is defined as a contract or instrument, whose value is derived from the underlying asset, as it has no independent value. Underlying asset can be securities, commodities, bullion, currency, etc. The two derivative products traded on the Indian stock exchanges are Futures and Options.

**Futures (Index and Stock)**: Futures are the standardised contracts in terms of quantity, delivery time and place for settlement on a pre-determined date in future. It is a legally binding agreement between a seller and a buyer, which requires the seller to deliver to the buyer, a specified quantity of security at a specified time in the future, at a specified price. Such contracts are traded on the exchanges.

**Options (Index and Stock)**: These are deferred delivery contracts that give the buyer the right, but not the obligation to buy or sell a specified security at a specified price on or before a specified future date.

At present in India, both Futures and Options are cash settled.

**Segments of capital market**

The Capital Market consists of
A) Primary Market
B) Secondary Market

**Primary Market**: A market where the issuers access the prospective investors directly for funds required by them either for expansion or for meeting the working capital needs. This process is called disintermediation where the funds flow directly from investors to issuers.

The other alternative for issuers is to access the financial institutions and banks for funds. This process is called intermedia. Securities money flows from investors to banks/financial institutions and then to issuers.
Primary market comprises of a market for new issues of shares and debentures, where investors apply directly to the issuer for allotment of shares/ debentures and pay application money to the issuer. Primary market is one where issuers contact directly to the public at large in search of capital and is distinguished from the secondary market, where investors buy/ sell listed shares / debentures on the stock exchange from / to new / existing investors.

Primary market helps public limited companies as well as Government organizations to issue their securities to the new / existing shareholders by making a public issue / rights issue. Issuer's increase capital by expanding their capital base. This enables them to finance their growth plans or meet their working capital requirements, etc. After the public issue, the securities of the issuer are listed on a stock exchange(s) provided it complies with requirements prescribed by the stock exchange(s) in this regard. The securities, thereafter, become marketable. The issuers generally get their securities listed on one or more than one stock exchange. Listing of securities on more than one stock exchange enhances liquidity of the securities and results in increased volume of trading.

A formal public offer consists of an invitation to the public for subscription to the equity shares, preference shares or debentures has to be made by a company highlighting the details such as future prospects, financial viability and analyse the risk factors so that an investor can take an informed decision to make an investment. For this purpose, the company issues a prospectus in case of public issue and a letter of offer in case of rights issue, which is essentially made to its existing shareholders. This document is generally known as Offer document. It has the information about business of the company, promoters and business collaboration, management, the board of directors, cost of the project and the means of finance, status of the project, business prospects and profitability, the size of the issue, listing, tax benefits if any, and the names of underwriters and managers to the issue, etc.

The issuers are, thus, required to make adequate disclosures in the offer documents to enable the investors to decide about the investment.

Making public issue of securities is fraught with risk. There is always a possibility that the issue may not attract minimum subscription stipulated in the prospectus. The risk may be high or low depending upon promoters making the issue, the track record of the company, the size of the issue, the nature of project for which the issue is being made, the general economic conditions, etc. Issuers would like to free themselves of this worry and attend to
their operations wholeheartedly if they could have someone else to worry on their behalf. For this purpose the companies approach underwriters who provide this service.

Normally, whenever an existing company comes out with a further issue of securities, the existing holders have the first right to subscribe to the issue in proportion to their existing holdings. Such an issue to the existing holders is called ‘Rights issue’. The price of the security before the entitlement of rights issue is known as the cum-rights price. The price after the entitlement of rights issue is known as the ex-rights price. The difference between the two is a measure of the market value of a right entitlement. An existing holder, besides subscribing to such an issue, can let his rights lapse, or renounce his rights in favour of another person (free, or for a consideration) by signing the renunciation form.

The companies declare dividends, interim as well as final, generally from the profits after the tax. The dividend is declared on the face value or par value of a share, and not on its market price.

A company may choose to capitalize part of its reserves by issuing bonus shares to existing shareholders in proportion to their holdings, to convert the reserves into equity. The management of the company may do this by transferring some amount from the reserves account to the share capital account by a mere book entry. Bonus shares are issued free of cost and the number of shareholders remains the same. Their proportionate holdings do not change. After an issue of bonus shares, the price of a company's share drops generally in proportion to the issue.

**Activities in the Primary Market**

1. Appointment of merchant bankers
2. Pricing of securities being issued
3. Communication/ Marketing of the issue
4. Information on credit risk
5. Making public issues
6. Collection of money
7. Minimum subscription
8. Listing on the stock exchange(s)
9. Allotment of securities in demat / physical mode
10. Record keeping
Secondary Market: In the secondary market the investors buy / sell securities through stock exchanges. Trading of securities on stock exchange results in exchange of money and securities between the investors.

Secondary market provides liquidity to the securities on the exchange(s) and this activity commences subsequent to the original issue. For example, having subscribed to the securities of a company, if one wishes to sell the same, it can be done through the secondary market. Similarly one can also buy the securities of a company from the secondary market.

A stock exchange is the single most important institution in the secondary market for providing a platform to the investors for buying and selling of securities through its members. In other words, the stock exchange is the place where already issued securities of companies are bought and sold by investors. Thus, secondary market activity is different from the primary market in which the issuers issue securities directly to the investors.

Traditionally, a stock exchange has been an association of its members or stock brokers, formed for the purpose of facilitating the buying and selling of securities by the public and institutions at large and regulating its day to day operations. Of late however, stock exchanges in India now operate with due recognition from Securities and Exchange Board of India (SEBI) / the Government of India under the Securities Contracts (Regulation) Act, 1956.

The stock exchanges are either association of persons or are formed as companies. There are 24 recognized stock exchanges in India out of which one has not commenced its operations. Out of the 23 remaining stock exchanges, currently only on four stock exchanges, the trading volumes are recorded. Most of regional stock exchanges have formed subsidiary companies and obtained membership of Bombay Stock Exchange, (BSE) or National Stock Exchange (NSE) or both. Members of these stock exchanges are now working as sub-brokers of BSE / NSE brokers.

Securities listed on the stock exchange(s) have the following advantages:

- The stock exchange(s) provides a fair market place.
- It enhances liquidity.
- Their price is determined fairly.
- There is continuous reporting of their prices.
- Full information is available on the companies.
- Rights of investors are protected.
Stockbroker is a member of the stock exchange and is licensed to buy or sell securities for his own or on behalf of his clients. He charges a commission (brokerage) to the clients on the gross value of the transactions done by them. However, some of the stockbrokers, apart from buying and selling of securities for their clients for a commission, offer facilities such as safekeeping clients' shares and bonds, offering investment advice, planning clients' portfolio of investments, managing clients' portfolio.

There are experts who believe that by identifying and processing relevant information pertaining to financials of the companies "correctly" and quickly (as compared to the market as whole), they can predict the share price movement faster than the market and thus outperform the market. Such experts are known as fundamental analysts. These experts use the fundamental approach to security valuation, for estimating the fundamental price (or fundamental price-earnings multiple) of a security.

Fundamental Analysis refers to scientific study of the basic factors, which determine a share's value. The fundamental analyst studies the industry and the company's sales, assets, liabilities, debt structure, earnings, products, market share; evaluates the company's management, compares the company with its competitors, and then estimates the share's intrinsic worth. The fundamental analysts' tools are financial ratios arrived at by studying a company's balance sheet and profit and loss account over a number of years. Fundamental analysis is more effective in fulfilling long-term growth objectives of shares, rather than their short-term price fluctuations.

Ratios of values obtained from a company's financial statements are used to study its health and the price of its securities. The most important among these are current ratio, price-earning (P/E) ratio, earnings to equity ratio, price-book value ratio, profit before tax to sales ratio, and quick ratio. Accounting figures, which help to arrive at these ratios, include book value, dividend, current yield, earning Per share (EPS), volatility, etc.

Unlike the fundamental analysts, there are other experts who believe that largely the forces of demand and supply of securities determine the security prices, though the factors governing the demand and supply may themselves be both objective and subjective. They also believe that notwithstanding the day-to-day fluctuations, share prices move in a discernible pattern, and that these patterns last for long periods to be identified by them. Such analysts are called as ‘Technical Analysts’.

Technical analysis is a method of prediction of share price movement based on a study of price graphs or charts on the assumption that share price trends are repetitive, and that since
investor psychology follows certain pattern, what is seen to have happened before is likely to be repeated. The technical analyst is not concerned with the fundamental strength or weakness of a company or an industry; he studies investor and price behaviour.

A stock market operator who expects share prices to fall in the immediate future and keeps selling (with the intention to pick up the shares later at a lower price for actual delivery), causing selling pressure and lowering the prices further is called a "Bear". The term is derived from the attacking posture of the bear, pushing downwards.

A stock market operator who expects share prices to rise and keeps buying (to sell the shares later at higher price), causing buying pressure and increasing the prices further is called a “Bull”. The term is derived from the attacking posture of the bull, pushing upwards.

**Stag** is a person who subscribes to a new issue with the primary objective of selling at profits no sooner than he gets the allotment.

**Contract Note** is a document given by the stockbroker to his clients giving particulars of the securities bought / sold, rate and date of transaction and the broker's commission. The broker sends the contract note after executing the client's order as an agreement. The contract note must be carefully preserved, as it is a primary documentary evidence of clients' transactions being executed by a member of a stock exchange. In case of any dispute between them, this can be used for the purpose of arbitration or filing claims / compensation against the member of the stock exchange who has executed the transaction. It also serves as evidence to the income tax authorities in verification of computations of short-term or long-term capital gains or losses.

Buying or selling of securities of a particular company with an expectation that the prices will increase or decrease in a span of short duration with an objective to generate income on account of such fluctuations in price is called **“Speculation”**. This is an activity in which a person assumes high risks, often without regard for the safety of his invested principal, to achieve capital gains in a short time. Investing in securities with the intention of holding them for long term for realizing appreciation in the value of the securities should be the aim of the investors who wish to derive benefits from holding investments for long term.

**Arbitrage** means buying shares on one stock exchange at a lower rate and selling the same on other stock exchange at a higher rate.
Activities in the Secondary Market

1. Trading of securities
2. Risk management
3. Clearing and settlement of trades
4. Delivery of securities and funds

**Major entities involved in the capital market:**

<table>
<thead>
<tr>
<th>ENTITIES</th>
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<tbody>
<tr>
<td>SEBI (REGULATOR)</td>
</tr>
<tr>
<td>STOCK EXCHANGES</td>
</tr>
<tr>
<td>CLEARING CORPORATIONS (CC)/ CLEARING HOUSES (CH)</td>
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<tr>
<td>DEPOSITORIES AND DEPOSITORY PARTICIPANTS</td>
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<tr>
<td>CUSTODIANS</td>
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<tr>
<td>STOCK-BROKERS AND THEIR SUB-BROKERS</td>
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<tr>
<td>MUTUAL FUNDS</td>
</tr>
<tr>
<td>MERCHANT BANKERS</td>
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<tr>
<td>CREDIT RATING AGENCIES</td>
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<tr>
<td>FINANCIAL INSTITUTIONS</td>
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<tr>
<td>FOREIGN INSTITUTIONAL INVESTORS</td>
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<tr>
<td>NON-BANKING INSTITUTIONS</td>
</tr>
<tr>
<td>ISSUERS/ REGISTRAR AND TRANSFER AGENTS</td>
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<tr>
<td>INVESTORS</td>
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</tbody>
</table>
TRADING, CLEARING AND SETTLEMENT-

Historical background

Earliest records of securities trading in India are available from the end of the eighteenth century. Before 1850, there was business conducted in Mumbai in shares of banks and the securities of the East India Company, which were considered as securities for buying, selling and exchange. The shares of the commercial Bank, Mercantile Bank and Bank of Bombay were some of the prominent shares traded. The business was conducted under a sprawling banyan tree in front of the Town Hall, which is now in the Horniman Circle Park.

In 1850, the Companies Act was passed and that heralded the commencement of the joint stock companies in India.

It was the American civil war that helped Indians to establish broking business. The leading broker, Shri Premchand Roychand designed and developed the procedure to be followed while dealing in shares.

In 1874, the Dalal Street became the prominent place for meeting of the brokers to conduct their business. The brokers organized an association on 9th July 1875 known as "Native Share and Stock Brokers Association" to protect the character, status and interest of the native brokers. That was the foundation of The Stock Exchange, Mumbai. The Exchange was established with 318 members. The Stock Exchange, Mumbai did not have to look back as it started riding high in the ladder of growth.

The Stock Exchange is a market place, like any other centralized market, where buyers and sellers can transact business in securities at a given point of time in a convenient and competitive manner at the fairest possible price.

In January 1899, Mr. James M. Maclean, M.P., inaugurated the Brokers’ Hall.

After the First World War, the Stock Exchange was housed properly at an old building near the Town Hall. In 1928, the present premises were acquired surrounded by Dalal Street, Bombay Samachar Marg and Hamam Street. A new building, the present location, was constructed and was occupied on 1st December 1930.
In 1950 the regulation of business in securities and stock exchanges became an exclusively Central Government subject following adoption of the Constitution of India. In 1956, the Parliament of India passed the Securities Contracts (Regulation) Act. To regulate the securities market, SEBI was initially established on October 12, 1988 as an interim board under control of the Ministry of Finance, Government of India. In 1992, the SEBI Act was passed through which the SEBI came into existence. Hence SEBI acquired statutory status on 30th January 1992 by passing an ordinance, which was subsequently converted into an Act passed by the Parliament on April 4, 1992. The main objectives of SEBI are to protect the interest of the investors, regulate and promote the capital market by creating an environment, which would facilitate mobilization of resources through efficient allocation, and to generate confidence among the investors. As such, SEBI is responsible for regulating stock exchanges and other intermediaries who may be associated with the capital market and the process of public companies raising capital by issuing instruments that will be traded on the capital market. SEBI has been empowered by the Central Government to develop and regulate capital markets in India and thereby protect the interest of the investors.

In 1992, Over The Counter Exchange of India (OTCEI) came into existence where equities of small companies are listed.

In 1994, National Stock Exchange (NSE) came into existence, which brought an end to the open out-cry system of trading securities which was in vogue for 150 years, and introduced Screen Based Trading (SBT) system. BSE’s On Line Trading System was launched on March 14, 1995. Now the trading in securities is done using screen based trading system through duly authorized members of the exchange.

In SBT, investors place buy and sale orders with their brokers who enter the orders in the automated trading system. When buy and sale orders match, a trade is generated and trade details are given to the respective brokers. After a trade has taken place, the buyer has to pay money and the seller has to deliver securities.

On the stock exchange(s), hundreds and thousands of trades take place every day. Buyers and sellers are spread over a large geographical area. Due to these problems completing a trade by paying cash to seller and securities to buyer immediately on execution of trades on an individual basis is virtually impossible. So the stock exchanges allow trading to take place for a specified period, which is called as a ‘Trading cycle’. A unique settlement number identifies each trading cycle. Once the trading period is over, buyer broker pays money and seller broker delivers securities to the CC/CH on a predefined day. This process is called as Pay-in. After pay-in, the CC/CH gives securities to the buyer brokers and money to the seller
broker. This process is called as Payout. This process of pay-in and payout is called settlement.

Initially the trading cycle was of one fortnight, which was reduced to one week. The transactions entered during this period, of a fortnight or one-week, were used to be settled either by payment for purchase or by delivery of share certificates sold on notified days one fortnight or one week after the expiry of the trading. The settlement schedules are informed to the members of the exchange in advance.

The weekly settlement period was replaced by daily settlements, popularly known as Rolling settlements, in which each day is separate trading day. With effect from December 2001, T+5 rolling settlement cycle was introduced for all equities where ‘T’ is the ‘Trading Day’ and pay-in and pay-out for the settlement was done on 5th business day after trade day. For example, if T was Monday, the pay-in and pay-out were done on next Monday as Saturday and Sunday are not counted as business days. T+5 cycle was further shortened to T+3 settlement cycle w.e.f. April 1, 2002.

**Current Scenario**

SEBI has since introduced T+2 rolling settlements from April 1, 2003. T+2 settlement cycle means that the final settlement of transactions done on T, i.e., trade day by exchange of monies and securities between the buyers and sellers respectively occurs on second business day after the trade day excluding Saturdays, Sundays, bank holidays and exchange holidays.

<table>
<thead>
<tr>
<th>DAY</th>
<th>ACTIVITY</th>
</tr>
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</table>
| T   | Trading and daily downloading of statements showing details of transactions and margins at the end of each trading day.  
     | 6A/7A* entry by the member-brokers/ confirmation by the custodians. |
| T+1 | Confirmation of 6A/7A data by the custodians up to a specified deadline time. Downloading of securities and funds obligation statements by members. |
| T+2 | Pay-in of funds and securities and pay-out of funds and securities by pre specified deadline times. The members are required to submit the pay-in instructions for funds and securities to banks and depositories respectively. |
| T+3 | Auction for shortages in delivery of securities. |
| T+4 | Auction pay-in and pay-out of funds and securities. |
**6A/7A:** A mechanism whereby the obligation of settling the transactions done by a member-broker on behalf of a client is passed on to a custodian based on his confirmation. The custodian can confirm the trades done by the members on-line.

Trading on the on-line screen based system (BSE’s On-Line Trading system, BOLT for BSE and National Exchange for Automated Trading, NEAT for NSE) is conducted from Monday to Friday between 9:55 a.m. and 3:30 p.m. The scrips traded on The Stock Exchange, Mumbai are classified into ‘A’, ‘B1’, ‘B2’, ‘C’, ‘F’, ‘G’ and ‘Z’ groups.

A, B1, B2 and C groups represent the equity market segment.

‘F’ group represents the debt market (fixed income securities) segment.

BSE has commenced trading in Govt. Securities for retail investors under “G” group w.e.f. January 16, 2003.

‘Z’ group covers the companies, which have failed to comply with listing requirements and/or failed to resolve investor complaints or have not made the required arrangements for dematerialization of their securities with both the depositaries.

**Problems with physical mode of settlement**

The capital market was a marginal institution in the financial market for almost three decades after India’s independence. However, until late eighties the common man kept away from capital markets. Not many companies accessed the capital market and, thus, the quantum of funds mobilized through the market was meagre. The Indian markets were literally weighed down by the need to deal with shares in the paper form. There were problems galore with handling documents.

Some of the problems were:

- Fake shares
- Stolen shares
- Fake signatures or signature mismatches
- Mutilation of shares
- Other problems in transfer of ownership

The trading volumes were small due to small investing population.
Some of the major problems faced for physical certificates by the Investors are listed below:

a. Inordinate delay in receiving securities after transfer by the companies.
b. Return of share certificates as bad deliveries on account of signature mismatch or forged
   signature of transferor or fake certificates.
c. Delay in receipt of securities after allotment by the companies.
d. Non-receipt of securities.
e. Procedural delays in getting duplicate shares/ debenture certificates.
f. Storing physical certificates.

Lack of modernization became a hindrance to growth of secondary market and resulted in
creation of cumbersome procedures and paper work. However, the real growth and change
occurred from mid-eighties in the wake of liberalization initiatives of the Government. The
reforms in the financial sector were envisaged in the banking sector, capital market, securities
market regulation, mutual funds, foreign investments and Government control.

These institutions and stock exchanges experienced that the paper certificates are the main
cause of investor disputes and arbitration cases.

Thus, the Government of India decided to set up a fully automated and high technology
based model exchange, which could offer screen based trading and depositories as the
ultimate answer to all such reforms. Therefore, the Government of India promulgated the
Depositories Ordinance in 1995. However, both Houses of Parliament passed the Depositories
Act in 1996. The unparalleled success of the introduction of the depository concept in the
Indian capital markets is reflected in the on-going successful reduction in the period between
trading and settlement.
2. INTRODUCTION TO DEPOSITORY

The Depositories Act

The Depositories Act, 1996, ushered in an era of efficient capital market infrastructure, improved investor protection, reduced risks and increased transparency of transactions in the securities market. It also immensely benefited the issuer companies, in terms of reduced costs and the effort expended in managing their shareholder populace. Perhaps, no other single act other than the Depositories Act has had such profound all round impact on every single stakeholder in the Indian capital markets. This legislation envisaged multiple depositories in India to ensure benefits of competition for the users of the depository system.

The Depositories Act which facilitated establishment of depositories (like CDSL) in India sought to effectively curb irregularities in the capital market, and protect the interests of the investors, and paved a way for an orderly conduct of the financial markets through free transferability of securities with speed, accuracy, transparency etc. Due to the introduction of the depository system, the investors are able to enjoy many benefits like free and instant transferability in a secured manner at lower costs, free from the problems like bad deliveries, odd-lots etc. Today the tradable lot is reduced to “one unit” hence even a common man is able to invest money in one equity share or bond or debenture. The investor is able to save a lot on account of stamp duty as government has exempted stamp duty on transfer of securities at present. Investors are also spared from the problems of preserving the securities held in physical form.

What is a Depository

The Depositories Act defines a depository as “a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under subsection (1A) of section 12 of Securities and Exchange Board of India Act, 1992.” The main function of a depository is to dematerialize securities and enable their transactions in book-entry form.

As per The Bank for International Settlements (BIS), depository is “a facility for holding securities which enables securities transactions to be processed by book entry. Physical securities may be immobilized by the depository or securities may be dematerialized (so that they exist only as electronic records)”.

In simple terms depository is an organization where securities of an investor are held in electronic form.
Immobilization and Dematerialization

Conversion of securities from physical (paper) form to electronic form can be achieved by two methods Immobilization or Dematerialization.

Under the immobilization method, after giving credit of the securities in electronic form, physical certificates are stored or lodged with an organization, which acts as a custodian – a securities depository. Subsequent transactions in such immobilized securities take place through book-entries.

Under the dematerialization method, the securities, issued in physical form are destroyed and exactly equal numbers of securities are created in the depository system, which are credited into the account of the investor. Unlike physical securities, the securities converted into electronic form do not have any distinctive numbers and they are treated as equal and replaceable in all ways i.e. securities in electronic form are fungible. All subsequent transactions (transfer of ownership) of such securities take place in book-entry form.

India has adopted dematerialization method where as immobilization has been adopted by some of the countries like Hong Kong and USA. Japan has adopted both, dematerialization as well as immobilization for achieving a paper-less securities market.

Whether a country has adopted immobilization or dematerialization, the investor has a right to get the securities converted back into physical form through a process called as rematerialisation, in case of need.

Similarities and differences between a bank and a depository

A bank and a depository are similar in several ways, as under:

<table>
<thead>
<tr>
<th>A Bank</th>
<th>A Depository (like CDSL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoted by persons and institutions of repute and good standing.</td>
<td>Promoted by persons and institutions of repute and good standing.</td>
</tr>
<tr>
<td>Renders services like safe keeping of the money (funds) of customers in book entry form.</td>
<td>Renders services like safe keeping of securities (shares, bonds, debentures etc.) of the customers in book entry form.</td>
</tr>
<tr>
<td>Has an administrative Central Office and renders services (like account opening),</td>
<td>Has an administrative Central Office and renders services through</td>
</tr>
<tr>
<td>Generally, through branches.</td>
<td>Depository Participants (DPs) and their branches.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Is required to verify the identity and address of the customer before opening a bank account.</td>
<td>Is required to verify the identity and address of the investor before opening a demat account.</td>
</tr>
<tr>
<td>The bank is entitled to charge some fees for the services like account maintenance, remittances, safe custody etc.</td>
<td>The depository is entitled to charge some fees for the services like account maintenance, dematerialization, pledging, transaction charges etc.</td>
</tr>
<tr>
<td>Facilitates transfer of funds within the bank (transfer) and also between two banking institutions (through clearing).</td>
<td>Facilitates transfer of ownership of securities within the depository (transfer) and also between two depositories (Inter Depository transfer).</td>
</tr>
<tr>
<td>Currency notes held in physical form are specific and have distinctive identification features and numbers. However, the funds (say, Indian Rupees or U.S. Dollars) lying in a bank account are fungible (i.e. exactly similar, inseparable and without any identification number).</td>
<td>Securities held in physical form are specific and have distinctive identification features and numbers. However, the securities (say, Equity Shares, bonds, debentures, Government Securities etc.) lying in a demat account are fungible (i.e. exactly similar, inseparable and without any identification number).</td>
</tr>
<tr>
<td>A bank needs express written consent of the customer (like a cheque) for debiting his account.</td>
<td>A depository needs express written consent (Debit Instruction Slip) of the account holder for debiting his account.</td>
</tr>
<tr>
<td>Power of attorney holder can operate a bank account.</td>
<td>A demat account can be operated by power of attorney holder.</td>
</tr>
<tr>
<td>A bank customer is entitled to get a statement of account from the branch periodically.</td>
<td>An account holder is entitled to get a statement of demat account periodically from the DP.</td>
</tr>
<tr>
<td>Nomination facility is available in the bank account.</td>
<td>Nomination facility is available in case of demat accounts also.</td>
</tr>
</tbody>
</table>
A bank and a depository are though similar yet different in several ways, as under:

<table>
<thead>
<tr>
<th>A Bank</th>
<th>A Depository (like CDSL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For opening a bank account, such as a savings bank account, a minimum balance has to be deposited along with the account opening form.</td>
<td>A demat account is opened by an investor without any securities, i.e. with zero balance.</td>
</tr>
<tr>
<td>A customer having an account with a bank is called as an Account Holder.</td>
<td>An account holder of the depository is called as Beneficial Owner (of the securities).</td>
</tr>
<tr>
<td>A bank is entitled to use funds lying in the savings or current deposit accounts of the customers in the normal course of business and pays interest to them for the use.</td>
<td>A depository is not entitled to use the securities lying in the demat accounts of the customers and hence does not pay any interest to them.</td>
</tr>
<tr>
<td>A bank account can be operated upon “jointly”, or, by “either or survivor” of the account holders or by “any one/two/three of”, the joint account holders.</td>
<td>A demat account can be opened, operated upon only by ALL the account holders JOINTLY, at present.</td>
</tr>
<tr>
<td>In the bank account, addition or deletion of name(s) of one or more of the account holders is permitted.</td>
<td>In the demat account, addition or deletion of name(s) of one or more of the account holders (beneficial owners) is NOT permitted.</td>
</tr>
<tr>
<td>In the bank account, there is no requirement of execution of an agreement between the bank and account holder at the time of opening the account</td>
<td>In demat account, the beneficial owners is required to sign a DP-BO agreement before opening the demat account.</td>
</tr>
</tbody>
</table>
Availing of various services offered by a depository

A depository in India cannot open a demat account of an investor and / or provide services to such a person directly. For opening a demat account or availing the services offered by the depository, a person is required to approach a Depository Participant (DP) who is an agent of the depository, complete the account opening formalities as per the Depositories Act, SEBI regulations, depository byelaws. Thereafter, the investor can receive securities in the demat account as well as tender the securities held by him / her in physical form for dematerialization to the DP (as explained in the subsequent part) and hold the same in book-entry form in the account.

When an investor holds securities in physical form, his / her name is recorded as registered owner in the books of the company. As per the laws currently in force in India, when the securities are converted in electronic form by way of dematerialization, name of the depository is registered in the books of the company as registered owner. However, the investor continues to be the real owner of the securities and is entitled to receive all the benefits such as dividend, interest, bonus shares etc. in respect of the said security and as such is called as Beneficial Owner (BO) under the depository system.

Today “demat” has become a common word. The institutional and individual investors spread all over India are found to be making an extensive use of the depository participant services for holding their securities in electronic form.

About CDSL

Its promoters

Central Depository Services (India) Limited (CDSL) registered in Feb 1999, has been promoted by leading Indian banks and stock exchanges. CDSL views this broad-based participation as an indicator of its wider acceptance, as a source of inspiration and intellectual input for all round development.

CDSL commenced operations on March 22, 1999. From its inception, the investor has been the core focus of CDSL’s efforts with a mission to offer convenient, dependable and secure services to all investors - at an affordable cost.
Some important milestones

- CDSL received the certificate of commencement of business from SEBI in February 1999.
- Honourable Union Finance Minister, Shri Yashwant Sinha flagged off the operations of CDSL on July 15, 1999.
- Settlement of trades in the demat mode through BOI Shareholding Limited, the clearing house of BSE, started in July 1999.
- All the leading stock exchanges like The Stock Exchange, Mumbai (BSE), National Stock Exchange (NSE), Calcutta Stock Exchange, Delhi Stock Exchange, The Stock Exchange, Ahmedabad, etc., established connectivity with CDSL.
- The developments such as introduction of on-line inter-depository transfer facility from December 14, 2002; admission of debt securities made mandatory by SEBI with both the depositories; commencement of retail trading in Government Securities on exchanges from January 16, 2003” etc. have helped CDSL and its DPs in expanding their business more aggressively and profitably.
- As on June 30, 2010 CDSL had 515 DPs spread across 790 locations covering 123 cities / towns in 24 states who are offering on line depository services to investors. Over 7149 issuer companies have admitted over 18339 different securities for demat through CDSL.

Cutting-edge technology

CDSL has installed state-of-the-art hardware and software to ensure the security and integrity of the data. The hardware has been procured from Hewlett Packard – high-end servers with Cell Board architecture, employing HP’s super dome technology and is connected to near fault tolerant storage from EMC² Corporation featuring multiple RAID levels and intelligent diagnostics (automatic disk fault finding system). This is arguably the world’s best storage system and the first of its kind to be installed in India.

Users have various options to establish connectivity with the CDSL system, using a VSAT, Leased Telephone Line or Ethernet network. Users also have the facility of a backup by opting for Integrated Subscriber Data Network (ISDN) telephone connection (similar to the one they use at their homes) to ensure 100 % uptime.

Centralized database

CDSL’s software ‘Central Depository Accounting System’, (CDAS), has been developed, customized and supported by CMC Ltd. CDAS system is equipped with centralized database architecture. This implies that CDSL centrally performs the major activities such as processing, storing and maintenance of data and its backup, not only at CDSL’s main site of
operations, but also at the Disaster Recovery Site (DRS) situated at a remote location. This develops a safety net such that the users may devote their entire concentration in business.

Transactions of any user, irrespective of the location, are updated the moment they are committed into the system, ensuring that there are no ‘in-transit’ positions between CDSL’s records and those of the users. Credits of securities arising from demat confirmations; corporate actions and transfers are available instantaneously, which makes such securities ready for further use. An allotment of securities in a Rights issue, for instance, can be effected during the business day and the allottees can use these securities instantaneously. At CDSL, things happen on real time basis.

**Wide network of online depository participants**

With the introduction of shorter settlement cycles, the significance of live connectivity for DP branches assumes greater importance for enabling settlement of trades within the stipulated time. CDSL has made it possible for the DPs to provide full range of depository services “online” from their branches without having to make substantial investments in hardware and software. CDSL system facilitates the main DP to monitor and control functioning of its branches. A DP of CDSL can, therefore, provide online depository services to BOs at their doorsteps.

**The easi Access**

“Electronic Access to Securities Information” (easi) is the internet facility for CDSL DPs, BOs and Clearing Members (CMs) to have anywhere access, 24 hours a day, seven days a week, to get information about their demat accounts through CDSL’s dedicated website [www.cdslindia.com](http://www.cdslindia.com).

Apart from providing almost real time information of their holdings in their demat accounts, easiest also provides the status of instructions, details of past transactions and enables users to take a printout of their statement of account. easiest also offers a useful facility of daily valuation of the stocks held in a demat account and aggregate value of the portfolio. Through easiest, one can also obtain the closing rates of stocks held in an account as of the close of business on the previous day at BSE.

Through the easiest login, the users can monitor corporate announcements for the securities in their demat account. The BOs can also add ISINs not held in their demat account, but wish to monitor corporate announcements for such ISINs.
**Easiest** - In order to facilitate a CDSL demat account holder to easily adapt to the fast reducing settlement cycle, CDSL has introduced “Electronic Access to Securities Information and Execution of Secured Transactions” **easiest**, its Internet-enabled services to empower a demat account holder in managing his securities ‘anytime-anywhere’ in an efficient and convenient manner, all in a state-of-the-art secure environment.

**easiest** is an Internet facility which permits BOs/CMs to submit debit/credit transaction instructions to effect off-market, on-market, inter-depository and early pay-in transactions.

A BO/CM who has entered instructions through **easiest** need not give a separate debit instruction slip/s to his DP. Moreover, all the facilities and benefits of easiest are automatically available to a subscriber of easiest.

There are two options available on easiest:

**Trusted account - Transfers**

- Trusted accounts are settlement accounts of your CM. A BO can specify up to 4 such CM settlement accounts
- Transfer of securities through on-market or off-market will be permitted only to these specified CMs.
- Setting up of transactions through trusted account option will be permitted by additional password (PIN), which will be mailed separately.
- Under the trusted account option only ‘off-market’, ‘on-market’ and ‘early pay-in’ transfers to predefined trusted accounts will be permitted.

**Account of choice - Transfers**

- In the account of choice option, transfer of securities will be permitted to any demat account using a digital signature stored on e-token (device provided by CDSL at an additional cost, which stores the digital signature).
- CMs will have account of choice option only and must procure e-token for authenticating transactions.
- All BO/CMs who have opted for account of choice can avail of upload facility through easiest and submit multiple transactions in a single file. Initially they would have to approach their DP to have their upload rights.
Thus, CDSL’s easiest facility gives you anytime-anywhere convenience to operate your demat account and keep you updated about your demat account status, in bare detail, at a time and place that you choose to access the information.

**SMART**

As a risk management initiative, CDSL has launched SMS Alert service. Under this service, a BO has to register by providing mobile number of the first/sole holder. CDSL will provide SMS on this number when a debit takes place in the BO account, SMS will also be provided for any credits to the account due to corporate action or IPO.

**Safety and Security**

CDSL has established a world-class secure and robust accounting and transaction management system, which accurately processes over one hundred thousand transactions daily. An additional server is on standby at CDSL’s main site of operations to meet any contingencies, thereby, ensuring uninterrupted accessibility of the CDSL system to all users.

The data is continually auto mirrored on the EMC² storage system at the main site to ensure adequate backup and protection of data. Data backup on high capacity ‘Ultrium’ device is taken daily and stored at a remote site safely. Moreover, CDSL's, seamlessly operational state-of-the-art, disaster recovery site ensures that data is also simultaneously updated at a remote site.

The data and messages communicated between CDSL and its users are encrypted in transmission to protect the interests of all users. CDSL does not provide dial-up access and only authorized users can access CDSL system. In other words, only a person at DP end who has been pre-authorized by CDSL can access the CDSL system. Each BO in the CDSL system is allocated a unique BO account number known as **BO-ID**.

**Efficient settlements**

With the ever-evolving market practices, CDSL provides Clearing Members (CM) with tailored solutions to meet their specific requirements, which require multiple methods for pay-in of securities to enhance their operational efficiency. CDSL provides facilities to CMs to opt for any of the pay-in options like early pay-in, normal pay-in, auto pay-in and BO-level pay-in, based on their convenience.

*Detailed explanation of the various pay-in options is given in chapter on settlements.*
CMs/BOs can deliver securities directly to the Clearing Corporation (CC) / Clearing House (CH) immediately after trade (early pay-in) or deliver the securities at the pay-in time (normal pay-in). CDSL system also has a facility for part deliveries, just in case the available balance is insufficient to meet the pay-in obligation in full.

CDSL system enables CMs to carry out auto pay-in for their pay-in based on data received from the CC/CH, without any additional effort from the CMs or their DPs. A comprehensive ‘settlement report’ assists the CM to find out which client has given instructions and whether the balance in his account is sufficient to fulfill the pay-in obligations (shortages, if any, are also shown). Once pay-in is complete, the total pay-in and shortage quantity, if any, for each delivery instruction are made available to the CM through a simple ‘single’ report.

**On-Line Inter-Depository Transfers (OLIDT)**

The OLIDT facility launched in India with effect from December 14, 2002 connecting CDSL with the other depository on-line is one of its kind in the world. It enables instantaneous transfer of securities between accounts held with different depositaries as per the convenience of investors, CMs and DPs, any time during the specified business hours.

The OLIDT facility has increased the users’ options to utilize securities received in payouts for subsequent transactions, particularly, for pay-in. The securities received in the CDSL account would be immediately available to meet the pay-in obligations, using the multiple convenient pay-in options available in the CDSL system.

**Availability of wide spectrum of securities**

The equity shares of almost all companies listed on all the Stock Exchanges of India are available for dematerialization on CDSL. Practically all categories of securities such as bonds, debentures, commercial papers, government securities, units of mutual funds and exchange traded funds, certificates of deposit, pass-through-certificates etc. are available for demat on CDSL.

**Prompt and courteous helpdesk**

At CDSL, convenience comes in many forms - one of which is CDSL’s ever-dependable prompt and courteous help line facility. This facility enables DPs, issuers and CMs to obtain any assistance, clarification or guidance and for speedy redressal of any issues.
Ensuring customer satisfaction

CDSL is continually developing ways to automate and enhance processing efficiencies for the benefit of DPs, CMs, issuers and BOs. The user-centric business model finds reflection even in CDSL's tariff structure. CDSL does not collect any custody or ISIN charge from the DPs and the transaction charges have always been pegged at levels reasonable and competitive by industry standards. With CDSL's extensive DP network, local market expertise, advanced technological solutions and comprehensive range of depository services are offered to all types of discerning investors viz. individuals, corporate, financial institutions, foreign institutional investors and mutual funds the convenience to handle their securities efficiently at affordable costs.

Depository of choice of the Government of India

CDSL has the privilege of being the depository of choice of the Government of India for the on-going Public Sector Undertakings (PSU's) disinvestments programme. The Government of India chose CDSL exclusively for dematerialization and cross deal transactions in Oil PSU’s (ONGC, IOC & GAIL) and to handle the entire process of dematerialization and subsequent disinvestment in Bharat Aluminium Company Limited (BALCO). The transaction of BPCL acquiring equity stake in Kochi Refineries Ltd., from the Government of India, was also done through CDSL. More recently the disinvestments of Government stake in CMC, VSNL, IBP Ltd. and Hindustan Zinc Limited were exclusively done through CDSL.
3. LEGAL FRAMEWORK

Introduction

The depositories in India are regulated under the following legal framework:

- The Depositories Act, 1996
- SEBI (Depositories and Participants) Regulations, 1996
- Companies Act, 1956
- Securities and Exchange Board of India Act, 1992
- Prevention of Money Laundering Act, 2002

Apart from the above-mentioned Acts and Regulations, following govern the business and operations of a depository.

- Bye Laws of the depository
- Operating Instructions of the depository
The schematic diagram of legal framework of regulation of depositories is shown below:

DEPOSITORIES ACT 1996

SEBI

SEBI ACT, 1992

SEBI (DEPOSITORIES AND PARTICIPANTS) REGULATIONS, 1996

DEPOSITORY

BYE LAWS

OPERATING INSTRUCTIONS

AGREEMENTS

APPLICABILITY OF OTHER ACTS/REGULATIONS
A depository has to be a company registered under the Companies Act, 1956 with minimum net worth of rupees one hundred crores and has to be registered with SEBI. The depository cannot start its business unless it obtains a Certificate of Commencement of Business from SEBI. The byelaws of the depository also require prior approval from SEBI. Section 25 of the Depositories Act, 1996 empowers SEBI to frame regulations inter alia with regard to the following aspects:

- The form in which record is to be maintained
- Certificate of commencement of business shall be issued
- The manner in which the certificate of security shall be surrendered
- The manner of creating pledge and hypothecation of securities
- The conditions and the fees payable with respect to the issue of the certificate of securities
- The rights and obligations of depositories, participants, issuers
- The eligibility criteria for admission of securities in the depository

Further, Section 26 of the Depositories Act, 1996 requires the depository to frame Bye Laws, among others, on the following aspects:

- The eligibility criteria for admission and removal of securities in the depository
- The conditions subject to which the securities will be dealt with or withdrawn from a Depository
- The eligibility criteria for admission, suspension and expulsion of any person as a participant.
- The manner and procedure for dematerialisation of securities
- Inter se rights and obligations among the depository, issuer, company and beneficial owners.
- Manner of furnishing information to SEBI
- The procedure for resolving disputes involving depository, issuer, company, or a beneficial owner
- Internal control standards including procedure for auditing reviewing and monitoring, etc.
DEPOSITORY PARTICIPANTS

As per Depositories act and SEBI regulations, a depository cannot interact directly with BOs and has to deal through its agents called Depository Participant. Every DP, before commencement of its operation, has to obtain a certificate of registration from SEBI. The following entities are eligible for becoming depository participant in accordance with Regulation 19 of the SEBI (Depositories and Participants) Regulations, 1996.

- A public financial institution as defined in Section 4A of the Companies Act, 1956.
- A bank included in the second schedule of the Reserve Bank of India Act, 1934.
- A foreign bank, operating in India with the approval of Reserve Bank of India.
- A state financial corporation established under the provisions of section 3 of the State Financial Corporations Act, 1951.
- An institution engaged in providing financial services, promoted by any of the four institutions mentioned above.
- A custodian of securities, who has been granted a certificate of registration by SEBI under Section 12(1A) of the SEBI Act, 1992.
- A clearing corporation or a clearing house of a stock exchange.
- A stockbroker having a minimum net worth of rupees TWO CRORES. The aggregate value of the portfolio of securities, of the BOs, held in dematerialized form in a depository through him, shall not exceed 100 times of the net worth of the stockbroker. (Not applicable for DPs whose net worth is Rs. ten crores). In case the stockbroker seeks to act as a participant in more than one depository, he shall comply with the net worth criteria separately with each such depository.
- A non-banking finance company, having a net worth of not less than rupees fifty lakhs provided that such company shall act as a participant only on behalf of itself and not on behalf of any other person. Provided further that a non-banking finance company may act as a participant on behalf of any other entity, if it has a net worth of Rs. fifty crores in addition to the net worth specified by any other authority.
- A registrar to an issue or share transfer agent who has a minimum net worth of rupees ten crores and who has been granted a certificate of registration by SEBI.
The above entities have been classified by CDSL into six types for customization of the CDSL application. The six types are as given below:

<table>
<thead>
<tr>
<th>DP Type</th>
<th>Description</th>
<th>Can Open Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clearing house / Clearing corporation</td>
<td>For in house activities only</td>
</tr>
<tr>
<td>2</td>
<td>Clearing Member</td>
<td>For all categories of Investors</td>
</tr>
<tr>
<td>3</td>
<td>Regular DP such as Banks, NBFC etc.</td>
<td>For all categories of Investors</td>
</tr>
<tr>
<td>4</td>
<td>Registrar and Transfer Agents</td>
<td>Not allowed to open accounts</td>
</tr>
<tr>
<td>5</td>
<td>Depository</td>
<td>Not allowed to open accounts</td>
</tr>
<tr>
<td>6</td>
<td>Custodians</td>
<td>For all categories of Investors</td>
</tr>
</tbody>
</table>

**ADMISSION OF PARTICIPANTS**

Any entity desiring to be admitted as a participant shall submit an application in Form "E" for grant of certificate of registration as a participant to SEBI through CDSL, together with fees as may be specified by SEBI and other monies payable to CDSL as may be specified by CDSL.

The application shall be verified by CDSL within thirty days of receipt of the application and if the application meets the criteria for admission laid down by CDSL, and the same shall be forwarded to the SEBI with its recommendations.

Following forms have been prescribed in the SEBI Regulations under Schedule 1:

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form A</td>
<td>Application for grant of certificate of registration as a depository</td>
</tr>
<tr>
<td>Form B</td>
<td>Certificate of registration as depository</td>
</tr>
<tr>
<td>Form C</td>
<td>Application for grant of certificate of commencement of business as a depository</td>
</tr>
<tr>
<td>Form D</td>
<td>Certificate of commencement of business as a depository</td>
</tr>
<tr>
<td>Form E</td>
<td>Application for grant of certificate of registration as participant</td>
</tr>
<tr>
<td>Form F</td>
<td>Certificate of registration as participant</td>
</tr>
</tbody>
</table>
Schedule 2 of the SEBI Regulations contains fee structure (application fee, registration fee and annual fee), which is as under:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application fees payable by sponsor</td>
<td>50,000</td>
</tr>
<tr>
<td>Application fees payable by participant</td>
<td>5000</td>
</tr>
<tr>
<td>Registration fees payable by depository</td>
<td>25,00,000</td>
</tr>
<tr>
<td>Registration fees payable by participant</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Annual fees payable by depository</td>
<td>10,00,000</td>
</tr>
<tr>
<td>Annual fees payable by participant</td>
<td>1,000</td>
</tr>
</tbody>
</table>

**ADMISSION CRITERIA**

An applicant (including any partner, where the applicant is a partnership firm, and any director or any person holding any substantial interest in or being otherwise in a position to control the affairs of the applicant, where the applicant is a company or other body corporate) has to meet all the following conditions to get admitted in CDSL as a depository participant.

- The applicant has to furnish information and details pertaining to its business and equity holding relating to a minimum period of three years immediately preceding the date of the application or from the date of its inception, if less than three years.
- The applicant should not have been convicted in any of the five years immediately preceding the filing of the application in any matter involving misappropriation of funds and securities, theft, embezzlement of funds, fraudulent conversion, forgery or any other offence involving moral turpitude.
- The applicant should not have been expelled, barred or suspended by SEBI or by any recognized stock exchange. Provided however that, if a period of three years or more has elapsed from the expiry of the period of expulsion, debarment or suspension, as the case may be, CDSL may, in its discretion, consider such application.
- If the applicant is a Stock Broker or a Non-Banking Finance Company or an RTA, the applicant has and undertakes to maintain the net worth specified in the SEBI regulations.
- The applicant shall furnish the details of its Board of Directors/ Partners/ Authorised Officials, as the case may be, who shall be responsible for the conduct of the business of the applicant as a participant.
- The applicant shall have on its staff sufficient number of persons who are adequately trained, as CDSL may specify from time to time.
- The applicant shall appoint a Compliance Officer to interact with CDSL on its behalf for compliance with the CDSL Bye Laws and for resolution and redressal of BOs’ grievances.
• The applicant has adequate office space exclusively for CDSL operations.
• The applicant has made adequate arrangements for conducting effective and safe depository operations including security measures, software and hardware requirements, risk containment and insurance requirements, as specified by CDSL.
• The certificate of registration as participant is given in Form "F".

RIGHTS AND OBLIGATIONS OF PARTICIPANTS IN RELATION TO CDSL

Some of the rights and obligations are as follows:

• No participant shall conduct any business as a participant unless it has entered into an agreement with CDSL as per prescribed format given in CDSL Bye Laws.

• A participant while conducting any business as a participant with a BO shall act as an agent of CDSL.

• The participant shall not effect a transaction into the account of a BO without appropriate instruction from the BO or CDSL.

• Separate accounts shall be maintained by every participant in the name of each of its BOs and the securities of each BO shall be segregated, and shall not be mixed up with the participant’s own securities.

• If the participant is a Stock Broker or a Non-Banking Finance Company, a net worth certificate duly certified by a Chartered Accountant based on the annual audited accounts of the participant, to be submitted on or before 30th September of every year.

• If the participant is a Stock Broker, the participant shall ensure that the aggregate market value of portfolio of securities of all the BOs held in dematerialized form in CDSL through him should not exceed 100 times of his net worth or any such limit as specified by SEBI from time to time and if it so exceeds on any given day, the participant shall inform CDSL about it. CDSL shall have a right to give such instructions as it deems fit in order to reduce the aggregate market value of portfolio of securities of all the BOs held in dematerialized form in CDSL through such participant.
• In case the participant is a member of any recognized stock exchange and/ or any Clearing Corporation, in the event of violation of any rules, regulations or bye-laws of the stock exchange or the Clearing Corporation or in the event of suspension or termination of its membership by the stock exchange or the Clearing Corporation as the case may be, the participant shall forthwith inform CDSL of the same.

• The number of complaints received from BOs during the previous month, unresolved complaints of previous period, their nature, status and manner of redressal, once every month.

**Every participant has to submit following compliance documents with CDSL**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Periodicity for submission of reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BO Grievances</td>
<td>Monthly</td>
</tr>
<tr>
<td>3</td>
<td>Internal Audit Reports</td>
<td>Half yearly</td>
</tr>
<tr>
<td>4</td>
<td>Audited Net Worth Certificate</td>
<td>Yearly</td>
</tr>
<tr>
<td>5</td>
<td>Audited Financial Statements</td>
<td>Yearly</td>
</tr>
<tr>
<td>6</td>
<td>Compliance Officer Details</td>
<td>If new officer appointed or any change in the office</td>
</tr>
</tbody>
</table>

• It shall be the responsibility of each participant to promptly check and reconcile with its own records the details of all advises, statements and reports received by the participant from CDSL and to promptly notify CDSL of any error or omission contained in such advises, statements and reports. Every participant shall reconcile its records with those of CDSL on a daily basis.

Subject to the provisions of any other law, every participant shall preserve all records related to account opening as long as the account is active and subsequently for a minimum period of ten years.

DPS shall preserve all original records and other documents for a period of ten years.

• Every participant shall be primarily responsible for payment to CDSL of all charges, fees, dues, and penalties in respect of all transactions carried out by or through that participant in CDSL irrespective of whether the participant has recovered any such amount from the concerned BO or not, such recovery from the BO being the sole responsibility of the participant.
• As per SEBI regulations, The BO should give delivery instruction for market trades in physical form by 4:00 P.M. and electronic form by 6:00 P.M. on T+1. If instructions are received after the stipulated time, then participant should accept the instruction on ‘Best effort Basis’ and stamp the BO copy as well as DP copy accordingly. Every participant shall execute instructions received from any BO, after proper verification, on the same day as far as possible and failing that before the close of working hours of the immediately succeeding working day.

• The Participant shall not exercise any lien without the prior approval of CDSL, on any securities belonging to the beneficial owners held in dematerialized form in any account with the participant, as security for recovery of dues owed by beneficial owner to the participant in his capacity as such including any compensation for any loss caused to the participant and/or CDSL by reason of fraud, negligence or mistake on the part of the beneficial owner. The participant shall, upon receipt of such approval from CDSL, give notice in writing to the concerned Beneficial Owner of the exercise of such lien by the participant in respect of such of the securities held in the beneficial owner's account as CDSL may specify.

• No participant shall assign its business and / or functions as a participant or entrust the control or conduct of its business and/ or functions to any entity except with the prior written approval of CDSL and subject to such terms and conditions as CDSL may stipulate from time to time. For the purposes of this clause, any substantial change in the share holding pattern or constitution of the Board of Directors or in the composition of the partnership shall constitute an assignment of the business and/ or functions.

However, nothing contained herein shall prevent CDSL from effecting any transaction or refusing to give effect to any transaction in compliance with any decree or order of a competent court or tribunal or an order of the Central or State Government or SEBI or that of any other competent authority.

CDSL reserves the right to rectify any erroneous transaction made to the account of any BO with a DP of CDSL. In the event of CDSL carrying out any rectification, CDSL shall inform the concerned participant and BO of such rectification.
Without prejudice to any other right CDSL may have, in the event of any erroneous transaction having been effected on account of any error, mistake or negligence on the part of the participant resulting in a negative balance in the account of any BO, CDSL may direct the participant to take action as specified in the CDSL bye laws.
RIGHTS AND OBLIGATIONS OF PARTICIPANTS IN RELATION TO BENEFICIAL OWNERS

No participant shall conduct business as a participant with a BO unless it has entered into an agreement with the BO as per the form specified in the CDSL Bye Laws. However, no such agreement shall be required to be executed by the participant with the BO if the BO belongs to certain categories as specified in CDSL Bye Laws / Operating Instructions.

In case either party terminates such agreement or the BO withdraws the authority conferred on the participant, the participant shall forthwith-intimate CDSL of such termination or withdrawal of authority.

A BO will be allowed to open account with a DP only after the BO has entered into an agreement, in the specified form, with a participant. The account so opened shall be separate and distinct from accounts of other BOs with that participant.

The participant shall act on the instructions of the BO or of such person as may have been duly authorised by the BO in that behalf in the manner specified by CDSL.

RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNERS

A BO may open one or more accounts with one or more participants and may close one or more accounts with any or all participants or transfer his securities in one account with a participant to another account with the same participant or with any other participant.

The BO shall pay such fees, charges and deposits to the participant, as may be mutually agreed upon, for the purpose of opening and maintaining his/ its account, for carrying out the instructions and for rendering such other services as are incidental or consequential to the BO holding securities in and transacting through the said account with the participant.

The participant shall be entitled to change or revise the said fees; charges or deposits from time to time subject to such prior notice as may be agreed between the parties.
Every BO shall be primarily responsible for

- The veracity of all statements and particulars set out in the account opening form and in the agreement with the participant.
- The authenticity and genuineness of all documents submitted to the participant at the time of opening of an account with the participant.
- Representation as to the title to the securities submitted to the participant for dematerialization.
- Ensuring that the securities to the credit of his account are sufficient to meet the instructions issued to the participant for effecting any transaction.
- Informing the participant at the earliest of changes in the account particulars of the BO such as address, bank details, status, authorizations, mandates, nomination, signature, etc.
- Furnishing the accurate identification details whilst subscribing to any issue of securities. Every BO shall be entitled to a statement of the account from his participant, at least once at the end of every month in respect of every account if there has been even a single transaction during the month and in any event once at the end of each quarter in respect of all accounts even if there is no transaction in the account. However, a participant may provide such statements at such shorter periods as may be agreed upon between the participant and the BO on payment of such charges by the BO as may be specified by the participant, provided that the participant is exempted from entering into an agreement, as per the CDSL Bye Laws, with a BO, the participant shall provide statements of the account to the BO with such periodicity as may be agreed by and between the participant and the BO.
- The BO shall scrutinize every statement of his account received from participant for the accuracy and veracity and shall be obliged to point out any mistakes, inaccuracies or discrepancies to the participant within a fortnight of the receipt of such statement or any such time limit specified by CDSL from time to time.
- Subject to the participant’s right of lien and subject to any orders, injunctions, directions or instructions issued by a court, tribunal, SEBI, Central or State Government or other authority empowered in that behalf or by CDSL, every BO shall be entitled to have the instructions issued by him to the participant with whom such BO has an account carried out on the same day on which the instructions are issued and failing that before the close of working hours of the immediately succeeding working day provided however, that subject to the above, the BO may issue standing instructions to the participant for crediting his account in accordance with the instructions.
TERMINATION, SUSPENSION AND WITHDRAWAL OF A PARTICIPANT

TERMINATION BY CDSL

CDSL may, if it is satisfied that it is necessary to do so, at any time and on such conditions as it thinks fit, terminate the agreement with the participant by communication in writing under some circumstances as given in CDSL Bye-Laws. Some of them are as follows:

- The participant no longer meets the eligibility criteria to be a participant.
- The participant has violated or committed any breach or default in the observance or performance of any provisions of the Act, Regulations, the Bye Laws, or agreement with CDSL or has failed to comply with any Operating Instructions of CDSL or the participant's registration granted by SEBI or by any other governmental agency has been suspended or cancelled or the stock broker participant's membership has been cancelled, or its trading privileges have been suspended by the concerned stock exchange.
- In the event of failure to pay security deposits, fees or any other charges as required under the Bye Laws or the agreement with CDSL or furnish additional or collateral securities as may be required by CDSL.
- In the event of bankruptcy, insolvency, liquidation or winding up of a participant or the initiation of any proceedings in relation thereto or if CDSL considers in its absolute discretion that the occurrence of such events are imminent or likely.
- CDSL has reasonable grounds to believe that the participant has been responsible for negligence, fraudulent or dishonest conduct or has made a material misstatement or omitted to state a material fact in any statement to CDSL or has been carrying on its activities in a manner which is detrimental to the interest of CDSL and/or BOs.

Provided however that CDSL shall not take any action as aforesaid unless and until CDSL shall have issued a show-cause notice to the participant setting out the grounds on which the agreement with the participant is sought to be terminated and the participant shall have been given a reasonable opportunity of being heard by any officer authorised by CDSL in that behalf and CDSL being satisfied on the strength of the report of such officer that it is necessary to terminate the agreement with such participant.
SUSPENSION BY CDSL

Without prejudice to any other rights CDSL may have and notwithstanding anything to the contrary contained in the Bye Laws, CDSL may suspend with immediate effect, the activities of any participant in CDSL, before issuance of any notice or pending the notice period and/or enquiry under the Bye Laws.

WITHDRAWAL BY A PARTICIPANT

A participant shall be entitled to withdraw as a participant from CDSL by issuing to CDSL a communication in writing giving notice of not less than 30 days of its intention to terminate its agreement with CDSL with effect from the expiry of the said period of 30 days or such further period as may be specified in the notice.

No participant shall be permitted to withdraw as a participant from CDSL unless and until such participant shall have provided satisfactory evidence to CDSL that:

- The participant has issued notice of its intended withdrawal to all BOs holding accounts with it.

- All accounts of BOs held with the participant have been closed either by transfer of securities to any other participant(s) of the BO’s choice in CDSL and/or by rematerialisation of the securities held in BO accounts.

- There remains no pending instructions or unresolved grievances of BOs or that the participant has otherwise made satisfactory arrangements in that regard.

- No amount is due, owing or payable by the participant to SEBI or to CDSL inter alia by way of fees, charges, penalties or interest.

- The participant has complied with such other terms and conditions as CDSL may have specified in that behalf.
CONSEQUENCES OF TERMINATION AND/OR WITHDRAWAL OF THE AGREEMENT WITH A PARTICIPANT

CDSL shall, upon termination of the agreement with the participant or on receipt of communication in writing from the participant conveying its decision to withdraw from CDSL and/or to terminate the agreement with the participant, notify all other participants and initiate suitable steps for the protection of the interests of BOs and other participants.

On termination of the agreement with a participant or on withdrawal by the participant from CDSL, every BO of that participant shall have the option of either getting his securities held with the participant transferred to another participant, or get the securities rematerialised.

Notwithstanding anything stated above even after such termination, the participant shall act as a participant for the limited purpose of either getting the securities held with the participant transferred to another participant or get the securities rematerialised.

Upon termination of the agreement with a participant, CDSL shall give notice in writing to all BOs holding accounts with such participant calling upon the BOs to have their accounts transferred to any other participant within 15 days from the receipt of such notice. In the event of there being any BOs who have failed to have their accounts transferred to any other participant as aforesaid, CDSL shall nominate one or more participants to whom such accounts shall stand transferred for the time being provided however that no transactions in respect of the securities in such account shall be effected until such time as the concerned BO shall have entered into an agreement with such participant.
4. ABOUT CDSL

At the very core of a depository’s mandate, is the preservation and maintenance of the purity and sanctity of numbers. Further, the financial services industry is information intensive. That's why cutting-edge technology is at the heart of CDSL strategic vision. CDSL has designed its system ‘Central Depository Accounting System (CDAS)’ to ensure user-friendliness and quick dissemination of information.

Hardware

Hewlett Packard provides the hardware RP 8420 server with Cell Board architecture, the same as HP's Super dome technology. It is capable of handling 8 Numbers of CPUs (pa 8700 @750 MHz) with 90,000 TPMC. RP 8420 has maximum 32 GB memory with advance ECC protection.

This system is connected to a fault tolerant storage from EMC² Corporation featuring multiple RAID levels and intelligent diagnostics (automatic disk fault finding system). This is the world's best storage system and the first of its kind to be installed in India. The load handling capacity of Unix systems used is virtually limitless.

Software

The software is developed and supported by CMC Ltd. The software has been customized to suit the requirement of CDSL. The system is built on three-tier architecture.

Front end

Front end is the user interface for a DP/RTA to access various features of CDAS and to conduct all daily operations. This part of the software is installed in the user office. Hardware required to install this component will typically be a Pentium based system with Windows 2000 or Windows XP Operating system and is referred as WORKSTATION.

Back end

Back end, also referred as HOST, is the component of the system, installed at CDSL premises, which process and store all data related to depository and is accessed by user through front end. This part of the system is installed on RP-8420 system.
Communication channel

Communication Gateway System (CGS) provides a link between front end and back end to allow file transfer and data flow. Communication is typically through VSAT / Leased line or Ethernet.

Database architecture

CDSL system has centralized database architecture. As the term suggests, the architecture involves the storage and updating of records at a single location i.e. at CDSL’S main site of operations. There is no separate database of transactions at the users’ site of operations. All transactions by users from anywhere in the country are updated the moment they are committed.

This allows all the concerned users to check the status of the transaction. Credits of securities arising from demat confirmations, corporate actions and transfers are available instantaneously for further transactions.

A welcome consequence of this architecture, especially from the DPs perspective, is huge savings in set-up and recurring costs. DPs do not need high-end systems at their end.
Disaster Recovery Site

CDSL's Disaster Recovery Site is housed in ultra-modern facilities and has the following features:

- Vibration-proof, full proof from EMI/RFI interference, flooding and environmental pollution proof, tightly sealed and thermally insulated.
- Three layers of power supply: Main feeders from MSEB, dual DG sets, dual UPS and dual electricity distribution system.
- Precisely controlled environment for humidity, ventilation and air-conditioning.
- High sensitivity smoke detection system
- Centralized operations from building management system
- Multiple layers of physical security
- Stringent fire detection and protection norms

STARTING THE CDAS APPLICATION

A PC on which CDAS has been installed will have five icons used to perform various functions. The icons are shown in fig 4.1, in the rectangle below:

The five icons are Contivity VPN Client, CGS, Master, Opconsole and Release. To start the CDAS system the user has to execute the following five steps:
1. **Start Contivity VPN client**

   This software creates a virtual data tunnel between front end and back end. To start Contivity VPN client double click on icon of the Contivity VPN client on the desktop shown in fig 4.1. Screen shown in fig. 4.2 will be displayed. User has to enter the password in this screen. After validating the password, the Contivity icon is displayed as shown in fig 4.2. After successful login, the Contivity icon will be displayed on status bar as shown in fig 4.3

2. **Start CGS**

   Double clicking on Communication Gateway System (CGS) icon shown on the desktop, shown in fig 4.1, will start the program. This program establishes communication between front end and back end. The screen shown in fig 4.4 will be displayed. The status should be ‘Online’ as shown in the fig 4.4. If there is any problem in communication channel, the status will be ‘Offline’. The program should be kept on as long as the user wants to work in the CDAS application.
3. Start Master Application – Start CDAS application

To start the CDAS application, click on MASTER icon present on the screen as shown in fig 4.1. A login window, as shown in fig 4.2, will be displayed. For security purpose each user will be provided with a LOGIN ID and a user definable password. To access CDAS user has to enter the Login ID and Password in the space provided and click on OK button. After validating user, the system will Login the user, complete some initial processing as shown in fig 4.3 will be displayed. After the initial processing is over,
the screen showing main menu of master control application for DP, as shown in fig 4.4 will appear.

For accessing Master application for RTA the procedure remains same as explained above. After successful verification of login ID and password, Master application screen for RTA will appear as shown in fig 4.5.
The master control application window has a menu bar at the top of the window, which has options namely File, Communications, Applications, Information, SOD/EOD Time and Help.

At the bottom of the window a status bar is displayed which shows following information:
• Status of the workstation and Host. Online / Off-line. In Online status all transactions entered at front end are instantly transmitted to back end and all relevant data is updated. If status is offline, transactions cannot be entered.

• Day, Date and time. The date displayed is the business date i.e. the date for which transaction can be entered and executed, which at times may not be same as calendar date.

• On extreme right hand corner of the status bar three characters C R S will be displayed.

<table>
<thead>
<tr>
<th>Letter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>This letter indicates that workstation is connected to communication gateway server.</td>
</tr>
<tr>
<td>R</td>
<td>This letter will appear only if the workstation is registered.</td>
</tr>
<tr>
<td>S</td>
<td>This character indicates that user has logged on to CDAS server.</td>
</tr>
</tbody>
</table>

4. **Execute Transfer / Update database.** This process is to be executed every day at the start of the day, after login to master application is successful. This is required to update master data created by CDSL. This data is required for validations of transactions. If the process is not executed then some of the transactions may not be executed and reports for master data may not contain some data.

When user logs in to CDAS, it will automatically start the module ‘Transfer Files Update Database’ to remind the user that this step has to be executed. User can click on ‘Yes’ to execute the step. User can also click on ‘NO’ option and continue. In such case system will automatically remind the user by displaying the screen shown in the fig 4.6 as a reminder at predetermined time intervals.
5. **Start Operator Console**

This module is to be started for downloading of reports from HOST to DP / RTA front-end. When user double clicks on the icon of Operator Console, user has to enter login id and password, used for master login, again. Operator console functions are controlled at the back end by a program called as ‘Miscellaneous Message Router’. Operator Console started from front-end has to be registered with this program. The registration process is automatic and after few minutes a message will be displayed ‘OPC Registration Successful’ as shown in fig 4.7. User has to click on ‘OK’ and then minimize the screen. Operator Console should be left on as long as user wants to work on the CDAS application.
Release of New Version

Enhancement to the CDAS application is carried out based on user feedback as well as adding new facilities. New features are provided to the user through a feature called as ‘Release’. If new version of the CDAS application is released, the same will be communicated to the user through a ‘Version Change’ message as shown in fig 4.8. This screen will be displayed before the main menu of master control application is displayed.

If the version change message is displayed, click on OK to continue. Logout of master application and close the CGS applications also. Click on the on the release icon. The screen displayed is shown in fig. 4.9. User has to click on ‘Continue’. Next screen displays the release application process. The release process is automatic and after completion of the same a message as shown in fig 4.10.
Between menu bar and status bar, icons for various modules of CDAS system are displayed. A brief explanation of these icons is given below.
COMMON FUNCTIONS FOR DP AND RTA

1. TRANSFER FILES / UPDATE DATABASE
CDAS system parameters are defined and set up from a central point and are stored in the Host system. These parameters are the base on which user specific parameters are set up, as such these are required universally to all DP/RTA systems. Apart from such system parameters, Data created by CDSL such as details of DP, Issuers, RTA, ISINs, Banks, Holidays, Settlement calendar etc is also to be downloaded on the front end. This module facilitates the transfer of such parameters/ Data to all DP/RTA Users. This is to be done only once in a day after the user logs in to CDAS system.

2. DATABASE ADMINISTRATION
The Database Administration module can be used to set-up authorised user details such as Login ID, Password, Access timings, Modules the user can access etc. It also allows user to set up Workstation(s), Courier information and Printer details, Purge Intervals etc.

3. MASTER FILES
Master files module is used to inquire the master files. A user can only inquire the master data for the basic master tables such as list of ISINs, DPs, Issuers, RTAs, Holidays, Exchanges, Settlement calendar etc. Information in these files is updated by CDSL. Reports for this data can be generated by user and imported in back office.

4. REPORTS
This module helps user to carryout functions related to all types reports generated by CDAS.

CDAS system generates six Types of reports as given below:

**Default reports:** Reports of this category are generated by default during EOD for all the transactions carried out by the DP and are provided to the DP next day.

**Request Reports:** Reports of this category are generally sub-set of default reports. Facility has been provided to the users to set up request reports. User can specify the criteria details for which report is to be generated. CDAS system generates these reports during EOD and provided to the DP next day.
**On-line Reports:** Reports of this category are generally set up and generated during business hours. Facility has been provided to the users to set up on-line reports. User can specify the criteria details for which report is to be generated. CDAS system generates the reports as per specified criteria and user can download the same as and when generated.

**Upload reports:** A CDAS report user can enter transactions in to the CDAS on-line or the user can create a batch of transactions in a prescribed format in the back office and upload the same to CDAS through the upload module. When a batch of transaction is uploaded, CDAS generates a success / failure report for each batch. These reports contain details of transaction, which have been successfully uploaded, and also details of the transactions, which have failed. For the failed transactions system provides reason for failure. User can correct the failed transactions and upload them again to the system.

**Scheduled Reports:** These reports are automatically generated by CDAS system at pre-set timings through a ‘scheduler’. When a scheduled report is generated, a message is displayed on the front-end to the users. User can subsequently download the reports.

**Master File Reports:** These reports are created for data created by CDSL such as list of ISIN, list of DP, list of RTA, list of holidays, settlement calendar etc. these reports can be generated any time during business hours and exported to the back office.

In order to manage the above activities related to the various reports CDAS system provides a ‘Reports’ module, which has following features.

**Setup** allows a user to setup reports for Master files as well as request /On-line reports for other transactions. To setup a report user has to select the ‘Module Id’ i.e. Account opening, Demat, Remat, Master files etc. Next step is to select the ‘Report id’. If a request report is setup the same is generated during EOD. If the report is an on-line report then it is generated on the same day.

**Download** option allows user to download all types of reports explained above. User has to select the Module id, Report id and business date range. If reports for selected criteria are available then user can download all the reports.

**Manage** option provides facilities to the user to view, copy, print the reports which have been downloaded.
5. NON-FINANCIAL HISTORY INQUIRY
This inquiry module gives the complete audit trail of changes made and the transactions causing the changes. Only those transactions are reflected which do not affect the holdings of a particular BO-ISIN account.

6. RECOVER TRANSACTION INFORMATION
This module is used to recover BO IDs and user details in case of re-installation of the CDAS system.

7. OPERATOR CONSOLE
This module provides following functions:
1. Two-way communications between the front end and the back end.
2. Downloading of reports at the front end.

8. END OF DAY (EOD) SCHEDULER
EOD can be declared using this module. The other options are DS Purge and Database Backup.

FUNCTIONS FOR DP
1. BENEFICIAL OWNER ACCOUNTING SYSTEM
This module allows a DP to set-up accounts for various categories of investors. Details like name and address of the BO, additional details of the BO, signatures and power of attorney can be stored in the system. User can also modify, delete or inquire on certain information of accounts already set-up. This module also provides facility for closing an account.

2. DEMATERIALISATION
This module allows DP to set-up, modify or delete demat requests and monitor their status.

3. REMATERIALISATION
This module allows DP to set-up, modify or delete remat requests and monitor their status.

4. TRANSFERS AND TRANSMISSION
This module is used only in the event of death of an A/C holder. The balance can be moved in two ways.
1. One to many (ISIN wise)
2. One to one (All ISINs)
5. TRANSACTION (OFF MARKET)
Transactions (Off market trades) result when securities are transferred between two accounts maintained with CDSL DPs.

6. INTERDEPOSITORY TRANSFERS
This module is used to transfer/ receive the securities from an account in CDSL to/ from any account of the other depository.

7. SETTLEMENT
Through this module, the DP can enter On-market instructions for delivering the securities for respective settlements, for which the BO / CM has traded on the exchange. Facility for early pay-in is also provided in this module.

8. BO UPLOAD
The DP can capture the details of the intending BOs in his back office software and then upload the files through this option for setting up BO accounts in CDSL.

9. UPLOAD
Similar to BO upload, this module allows a DP to upload files for transactions such as Demat, Off-market, Inter depository, Settlements, Early pay-in etc.

10. PLEDGE AND UNPLEDGE
The DP can set up, modify, delete, accept or reject the pledge request for his BOs. Unpledge or invocation of the same can also be done through this module. Unpledge / invocation can also be set up for partial quantity.

11. CORPORATE ACTION (CA)
This module facilitates DPs to inquire the details of corporate actions set up by Issuers / RTA.

12. INITIAL PUBLIC OFFER (IPO)
This module facilitates DPs to inquire the details of Initial public offers set up by Issuers / RTA.

13. FREEZE AND UNFREEZE
This module allows a BO to freeze his / her account for safety purpose. Freeze can be for the whole BO account as such or specific ISIN in the BO account or part balance of an ISIN in the BO account. Freeze can also be initiated by DP/CDSL if instructions are received from statutory authorities such as Court / Income tax dept. / SEBI etc. Freeze can be for only debits, only credits, or both for debits as well as credits. There can be multiple freeze requests on a single BO a/c.
FUNCTIONS FOR RTA

1. BO A/C MAINTENANCE SYSTEM
The RTA is provided with only inquiry of those BO accounts, which hold balances of ISINs serviced by that RTA.

2. DEMAT-RTA
This module allows RTA to process dematerialization requests set-up by a DP.

3. CORPORATE ACTIONS
This module is used by the RTA to set up, modify or delete various corporate actions and submit the allotment file if applicable.

4. INITIAL PUBLIC OFFER
The RTA can set up, modify, delete IPO request for his ISIN & submit the allotment file through this module.

5. REMATERIALISATION
This option allows RTA to process rematerialization requests set up by DP for his BOs.

6. RECONCILIATION
This is an important module for the RTA to reconcile his books with the records maintained by CDSL on daily basis.

5. ACCOUNT TYPES

There are two main entities that can open / maintain BO account in CDAS system.

- Depository Participants.
- Clearing House / Clearing Corporation.

Accounts opened / Maintained by DPs
CM Principal Account for BSE
This account is opened by a BSE CM in his own name with any DP of CDSL for the purpose of holding securities owned by him or the securities sold / purchased by him for his clients during the course of trading on the stock exchange. This account is used for the purpose of pay-in of securities for BSE settlement.
CM Unified Settlement account or CM Pool Account for BSE
A CM of BSE can open this account with any DP of CDSL for the limited purpose of temporarily holding securities received from the CC/CH against payout under any given settlement. Credits can come in to this account only from CH/CC.

The CM should ensure that the securities received in this account, as payout, are transferred to the concerned BO account within 24 hours of receipt, or such time as may be notified by SEBI from time to time. If such securities are not transferred to the concerned BO account, then the depository shall transfer the securities lying beyond the stipulated period to the CM Investors' Securities Account (CISA).

CM Investors' Securities Account (CISA) (BSE)
This account is opened by a CM in his own name with any DP of CDSL and is used for the purpose of temporarily holding those securities which are lying in the CM Pool account / CM Clearing Account beyond the time limit notified by SEBI from time to time.

- **CMs engaged in Securities Lending and Borrowing [SLB]** settlement activity would have to open separate accounts, as given below:

  - **For BSE CM**
    - CM Principal Account
    - CM Unified Settlement Account
    - CISA

  - **For NSE & Other Exchanges**
    - CM Clearing Member Account
    - CISA

A CMs of BSE are allocated separate early pay-in account by the Clearing House of BSE i.e. BOI Shareholding Limited (BOISL) for Cash Market and SLB Market respectively.

CM Clearing Account for all CMs of an exchange other than BSE
This account is opened by a CM in his own name with any DP of CDSL for the purpose of receiving securities from his clients for pay-in of securities sold through the CM and securities received from the CH/CC as payout for the purchases made by his clients. The CM will have to open separate a/c for each exchange on which he is trading as a recognized CM of that exchange. The CM’s of those exchanges, which are following the CM Level Settlement Model, will open this account.
**CM Investors’ Securities Account (CISA)**

This account is opened by a CM in his own name with any DP of CDSL and is used for the purpose of temporarily holding those securities which are lying in the CM Pool account / CM Clearing Account beyond the time limit notified by SEBI from time to time.

All corporate benefits that may accrue in respect of the securities held in the above accounts shall be availed of and held by the CM in trust for the benefit of the concerned BO.

**BO Account**

This account is opened by an investor either in his / her own name or in joint names with CDSL through a DP for holding his / her own securities. All the categories of the investors who are allowed to invest in capital market can open a BO account with CDSL.

**Accounts opened / Maintained by CH/ CC**

The CC / CH may open / maintain following types of accounts in accordance with the CDSL Bye -Laws and its own agreement with CDSL.

**Settlement Default (CH Pool) Account**

This account is opened for the purpose of holding securities deliverable to a defaulting CM in respect of any transaction or dealing and withheld by the CC/CH/Stock Exchange as per the Byelaws, rules and regulations of the concerned CC/ CH or stock exchange. The securities from the Settlement Default (CH Pool) Account can be transferred to any one of the following accounts as may be required: -

- CM Principal Account
- BO Account
- CM Clearing Account
- Or any other a/c as may be specified by CDSL from time to time

**CC / CH House Account**

This account is opened by CC / CH in its own name with CDSL for the purpose of routing securities to be received / received from the delivering CM and / or securities to be delivered / delivered to the receiving CM. The CC/CH may open multiple accounts for this purpose based on its requirement and settlement procedures.

**Early Pay-in account**

This account is opened by the CC / CH for each clearing member who is registered with the exchange for which the CC / CH handles clearing and settlement activities.
6. ACCOUNT OPENING

Introduction

An entity that wants to keep its cash safe in a bank has to open an account with a bank as a first step and maintain cash in book entry form. Similarly, an investor has to open a demat account with any DP of CDSL as a first step to hold securities in demat form in the depository system. The investor can open an account with any DP of CDSL. CDSL system facilitates opening of demat accounts for different categories of investors.

Demat accounts opened with CDSL are referred as ‘Beneficial Owner Accounts’ or ‘BO account’. As explained earlier, when securities are held in physical form name of the investor is recorded in the books of the company as ‘Registered owner’. When the same securities are converted into electronic form and held in a demat account, the depository becomes registered owner of the securities. Since depository is acting as a custodian of the securities, original investor is legally entitled for all rights as well as liabilities attached with securities and hence is called ‘Beneficial Owner’. All accounts opened on CDSL system are beneficiary accounts irrespective of the type of account.

A demat account may be opened and maintained in the name(s) of one person (sole holder) or more than one persons (joint holders). All the joint-holders have to sign the application form and the agreement. Though the beneficial ownership of jointly held securities vests equally in all joint-holders, communications about the joint demat 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 holder only.

All BO accounts are operated at DP level; however, data is maintained at CDSL level. A BO does not have direct access to CDSL system and must act through his / her DP. While opening an account, the BO can give a standing instruction (Confirmation waiver or Purchase waiver) to allow credits automatically to the account without separate instructions.

Every demat account opened in the CDSL system is allocated a 16 digit number and is referred as BO ID. Following is an example explains the components of the 16 digit BO ID.

The first 8 digits form the DP ID and the remaining 8 digits form the Client ID.
DP-BO Agreement

Each BO has to sign a DP-BO agreement with the DP before opening a demat account. However, a BO belonging to any one of the categories specified under the CDSL Byelaws need not enter into an agreement with the DP. These BO categories are as follows:

- A foreign institutional investor registered with the SEBI, who has entered into an agreement with the DP either directly or through its power of attorney holder in accordance with the provisions of Regulation 16 of SEBI (Foreign Institutional Investors) Regulation, 1995. Provided that such agreement gives the DP an authority to act on behalf of the foreign institutional investor for availing the services of the depository and a copy of such agreement has been filed with the SEBI.

- An International Multilateral Agency and Global Custodian who has entered into agreement with the DP pursuant to Regulation 17 of SEBI (Custodians of Securities) Regulations, 1996 and such agreement inter alia confers authority on the DP to avail of the depository services on behalf of an International Multilateral Agency and Global Custodian.

Graphical representation of the account opening process is given below:

```
    CDSL
      ↓
     2. Setup details on CDSL system
        ↓
     3. Confirmation

    DP

    BO
      ← 1. Account Opening form with Supporting documents

      4. Confirmation letter
```

Documents to be submitted while opening a demat account

DPs are required to obtain a copy of one of the following documents as Proof of Identity and Proof of Address. Proof of identity is to be obtained for all the holders. For First holder proof of correspondence address as well as permanent address is to be obtained. For joint holders proof of only permanent address is to be obtained. In addition, obtaining PAN Card details of
all the holders is compulsory for all categories of demat account holder(s), with the following exceptions:

<table>
<thead>
<tr>
<th>Exemption Code</th>
<th>Exemption Description for the account holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>Custodian</td>
</tr>
<tr>
<td>G</td>
<td>Governor</td>
</tr>
<tr>
<td>M</td>
<td>Commodity accounts</td>
</tr>
<tr>
<td>P</td>
<td>President of India</td>
</tr>
<tr>
<td>S</td>
<td>Sikkim Resident</td>
</tr>
<tr>
<td>U</td>
<td>UN entities / Multilateral Agencies</td>
</tr>
<tr>
<td>H</td>
<td>Holder Deceased</td>
</tr>
</tbody>
</table>

The DP official accepting the account opening form should verify the photocopy of the PAN Card against the original, sign and stamp the copy and write: “VERIFIED WITH ORIGINAL” on the copy. The documents / information to be submitted by various categories of investors are as follows:

**Resident Individual Account**

The documents prescribed by SEBI from time to time:

**a. Proof of Identity**
- Passport
- Voter ID card
- Driving license
- PAN card with photograph
- Identity card/document with applicant's photo, issued by -
  1. Central/State Government and its Departments,
  2. Statutory/Regulatory Authorities,
  3. Public Sector Undertakings,
  4. Scheduled Commercial Banks,
  5. Public Financial Institutions,
  6. Colleges affiliated to Universities,
  7. Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members,
  8. Credit cards/Debit cards with photographs issued by Banks.
b. **Proof of Address**

- Ration card
- Passport
- Voter ID Card
- Driving license
- Bank passbook
- Verified copies of –
  1. Electricity bills (Bill date not more than two months old),
  2. Residence Telephone bills (Bill date not more than two months old),
  3. Leave and License Agreement / Agreement for sale.
- Self-declaration by High Court & Supreme Court judges, giving the address in respect of their own accounts.
- Identity card/document with address, issued by:
  1. Central/State Government and its Departments,
  2. Statutory/Regulatory Authorities,
  3. Public Sector Undertakings,
  4. Scheduled Commercial Banks,
  5. Public Financial Institutions,
  6. Colleges affiliated to universities,
  7. Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members.

The abovementioned documents are the minimum requirements for opening a demat account. The DPs are required to exercise due diligence while establishing the identity of the persons ensuring the safety and integrity of the depository system. Proof of identity is to be obtained for all the holders. For First holder proof of correspondence address as well as permanent address is to be obtained. For joint holders proof of only permanent address is required.

**Bank Statement as Proof of Address:** a computer-generated statement without signature/stamp of the bank (showing the name and address of the BO and bank transactions during a period, printed on the Bank stationery) can be accepted as a valid proof of address only if duly attested by the concerned Bank under the stamp and signature of the bank official.

**OR**

**Bank Statement as proof of address: Original** bank statement (showing the name of the BO, address of the BO and bank transactions during a period, printed on the bank stationery) self attested by the BO along with cancelled cheque (in original) pertaining to the said bank account, without bank attestation as mentioned above, provided that such original bank statement is not more than 2 quarters old can be accepted as valid proof of address.
A copy of the bank statement alongwith a copy of a cheque may be taken as proof of address. The authorised DP official shall verify the photocopies of the bank statement and cheque submitted with the originals and shall place his signature, name, date and stamp on them with the remark “verified with originals”

In case of e-statements, the BO may provide an e-statement of his account as proof of address along with a copy of the cheque only if the name of the accountholder is pre-printed on the cheque.

**Correspondence address:**

- This is applicable to all types of investors.
- If correspondence address of the BO is not the same as permanent address, then the DP should obtain proof of permanent address as well as correspondence address.
- If BOs wish to receive their correspondence at the address of some other entity - such as POA holder for NRI, for IPO / Margin financing, etc., the abovementioned proof of address documents in the name of such other entities may be accepted as proof of correspondence address of the BO, provided the same is mentioned in the account opening form. In all such cases, the DP should ensure that proof of permanent address for the BO has been obtained and the same has been entered in the system.

**Account for Minors**

The minor should be the first and sole holder in the account. i.e. there should not be any joint accounts where a minor is a First / Second / Third joint holder. Documents to be obtained are:

- Birth certificate of minor.
- Proof of address and identity documents of the Guardian, as specified above.
- One passport size photograph of minor and one of guardian with guardian’s signature across the photograph. Guardian should sign across the photograph of the minor.
- PAN Card for minor.
- PAN Card for guardian

According to the Hindu Guardians and Wards Act, natural parent i.e. Father, and in his absence, Mother, only can be the guardians. In any other event, the guardian has to be appointed by the court.

‘In case of death of Guardian of existing Minor account holder:
In the case of death of the guardian of an existing minor account holder, the following procedure shall be followed:

i) Original Death Certificate of the deceased Guardian or a copy of the same, duly notarized or attested by a Gazetted Officer.

ii) The minor’s account shall be frozen under the appropriate reason code till the new guardian has completed all formalities.

iii) Original or copy of the Court Order (duly notarised or attested by a Gazetted Officer), if the new guardian has been appointed by the Court.

iv) The new guardian shall submit a new account opening form duly complete in all respects.

v) The new guardian shall submit proof of identity and proof of address as per the applicable operating procedure in force at the given point of time.

vi) One passport size photograph of the minor and one passport size photograph of the new guardian, with the new guardian’s signature across both the photographs (pasted on the account opening form).

vii) PAN of the new guardian.

viii) A fresh DP-BO agreement shall be executed between the DP and the new guardian.

ix) The new guardian shall submit a fresh Nomination Form for the minor’s account.

x) After verification of the AOF and documentation, details of the Guardian of the Minor account holder shall be suitably modified in the CDSL system.

xi) The signature of the deceased guardian shall be deleted and the signature of the new guardian shall be recorded in the CDSL system.

xii) POA documents/details, if any, recorded with the signature of the deceased guardian shall be deleted.

After the minor has attained majority, following procedure is to be adopted:

- The account holder should submit proof of identity and proof of address as mentioned earlier.

- The account holder should submit a new account opening form duly complete in all respects along with documents mentioned for individual category above and enter into a fresh agreement with the DP duly signed by the account holder and DP.

- The guardian’s details should be deleted and guardian’s signature should be replaced by account holder’s signature.

The above procedure can be followed only if the word ‘minor’ is not present in the “Account Holder’s name” when the account was opened. If “minor” word is present, then the existing account has to be closed and a new account should be opened.
**HUF Account**

The documents to be obtained are:

- All the documents, as mentioned above for account opening of individual investors, will have to be collected for the karta.
- PAN Card and Bank Pass Book indicating the existence of HUF entity.
- PAN Card of the Karta also to be obtained.
- Declaration by Karta giving details of the family members of the HUF with their names, sex (male/ female), date of birth and relationship with the Karta.
- DPs should note the following while opening a HUF account:
  - HUF accounts cannot be opened with joint holder(s).
  - HUF accounts cannot appoint a nominee.
  - In the account opening form, the Karta should sign under the HUF stamp.
  - Account can be opened in the name of -
    - Existing Karta
    - HUF entity
  - The name should be as it appears in the PAN card, e.g. A H Doshi & Sons, Bal govind Zangle (HUF).
  - In case POA is to be given by the karta to some other entity to operate the HUF Account, all the members of the HUF account in addition to the karta should sign the POA.

**Procedure to be adopted in the event of death of Karta is as follows:**

- HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta,
- HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will appoint the new Karta.
- The new karta shall submit the new list of members and a no objection from the members of the HUF for him to act as Karta of the HUF.
- The new Karta will submit to the DP the account modification form and record change in signature of the new Karta to operate the account.
- The previous account need not be closed and the same account can continue.

**Procedure to be followed in case of partition of HUF:**

In case of partial partition of the HUF, if one or two members of the HUF have left, the others can still continue the HUF in the existing name. In case of full partition, the entire HUF is dissolved.
In both the above cases, the Karta can transfer shares to the members who seek partition. If the issue of transfer cannot be amicably settled, the family members can go to court and transfer of shares can then be based on the court directions.

**Procedure to be followed in case of POA being given for the HUF**

The Karta of the HUF and all the co-parceners should sign the Power of Attorney (POA) document.

**Corporate Account (Domestic or Foreign)**

The documents to be obtained for opening a corporate account are:

- Certified true copy of Board Resolution, duly certified by Managing Director/Company Secretary, authorizing opening of demat account and specifying the names of persons authorized by the Board to operate the said demat account. The resolution must specify the manner of operation of the account and authority given to the authorised signatories to open and operate the account.
- Names of the authorized signatory (ies), designation, photograph and their signatures duly verified by Managing Director/Company Secretary.
- Memorandum and Articles of Association & Certificate of Incorporation of the Corporate Investor
- Proof of address evidenced by documents registered with registering authority or bank statement or agreement for sale or lease and license agreement or acknowledged copy of Income Tax returns.
- PAN card of the corporate entity.

**NRI Account**

- Proof of Identity (copy of passport/driving license).
- Proof of foreign address and Indian address (if any). [In the case of an NRI A/c without repatriation, proof of Indian address has to be given.]
- Bank account details.
- Power of Attorney, if any.
- PAN card.
- A declaration duly signed by the NRI that he/she has complied with, and will continue to comply with, FEMA regulations and other applicable laws.

Photocopies of the above documents, if accepted, should be attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI resides. The attesting authority should affix a “verified with originals”
stamp on the said documents. The photocopies of the KYC documents and PAN card should also be signed by the NRI. If the NRI comes in person to open the account, the above attestation requirement may be waived.

**Change of status from NRI to Resident and vice versa:**

It is the responsibility of the NRI to inform the change of status to the DP with whom he/she has opened the demat account. Subsequently, a new demat account in the resident status will have to be opened, securities should be transferred from the NRI demat account to resident account and then the NRI demat account should be closed.

**Clearing Member (CM)**

If CM is a corporate body then following documents should be obtained:

- True copy of certificate of registration with SEBI, certified by Managing Director/Company Secretary.
- Certified true copy of Board Resolution duly certified by the Managing Director/Company Secretary authorizing opening of demat accounts and specifying the name of person(s) authorized by the Board to operate the said demat account. The resolution must specify the manner of operation of the account and authority given to open and operate the demat account.
- Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Director/Company Secretary.
- Memorandum and Articles of Association of the Company & Certificate of Incorporation of the Corporate Investor.
- One passport-size photograph of each of the authorised signatory(ies) with their signature/s across the photograph.
- Proof of address evidenced by document registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of Income Tax return.
- PAN card of the corporate entity.

If CM is a not a corporate body then following documents should be obtained:

- The account has to be opened in the name of individuals under category Individual (Maximum three holders).
- Photocopy of Certificate of Registration with SEBI, duly notarized.
- One passport-size photograph of each applicant with signature across the photograph.
- PAN card of the account holder(s)
**FII Account**
For opening a FII account following documents should be obtained:

- True copy of Certificate of Registration with SEBI, certified by Managing Director/Company Secretary.
- True copy of Board Resolution, duly certified by Managing Director/Company Secretary, authorizing opening of demat account, specifying names of persons authorized by the Board to open the demat account. The resolution must specify the manner of operation of the account and authority given to authorized signatory(ies), to open and operate the demat account.
- Names of the authorized signatory(ies), designation, photograph and their specimen signatures, duly certified by Managing Director/Company Secretary.
- Memorandum and Articles of Association of the Company, if any.

**OCB Account**
For opening demat account of an OCB entity, following documents should be obtained:

- Certified true copy of Board Resolution, certified by Managing Director/Company Secretary for persons authorized by the Board to act as authorized signatory(ies).
- Names of the authorized signatory(ies), designation, photographs and their specimen signatures, certified by Managing Director/Company Secretary.
- Memorandum and Articles of Association of the Company.
- RBI Registration Certificate.
- Declaration from the OCB that it meets with the guidelines issued by RBI / Ministry of Finance.
- Certificate from overseas auditors in Form OAC – 1.
- Statement of account from the Bank.
- PAN card of the OCB entity.

**Societies:**
For opening demat account of Registered / unregistered societies are given below:

**Registered Society account**:
- Copy of Certificate of Registration under the Societies Registration Act, 1860.
- List of Managing Committee members.
- Certified true copy of Committee Resolution for persons authorized by the Committee to act as Authorized Signatory(ies).
- Names of Authorized Signatories, Designation, and their Specimen Signatures.
- True copy of Society Rules and Bye Laws Certified by the Chairman / Secretary.
• One passport-size photograph of each authorized signatory with signature across the face of the photograph.
  • Proof of address evidenced by document registered with registering authority or bank statement or agreement for sale or leave and license agreement or acknowledged copy of Income Tax return.
  • Pan card of the society.

Unregistered Society:
• The account should be opened in the names of the members under “Individual” category (maximum three accountholders).
• All the documents, as applicable for account opening under individual category, should be obtained.
• The proof of address and identity documents of the members should be obtained for account opening.
• PAN card of the account holder(s).
• PAN card of the Unregistered Society.

Trust Account:

Public Trust/ Charitable Trust and Trust capable of holding property in its name (Registered Trust / Public Trust):
• Account should be opened in the name of the Trust.
• Certificate of Registration of Trust under the Societies Registration Act/ Public Trust Act, 1860 / Bombay Public Trust Act, 1950 / Public Trust Act, of relevant State.
• Trust Deed and Rules.
• List of Members on the Board of Trustees.
• Certified true copy of Board Resolution to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account.
• Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.
• One passport-size photograph of each of the authorized signatory(ies) with their signatures across the face of the photograph.
• PAN card of the trust.
• Proof of registered office address evidenced by the document registered with registering authority or bank statement or agreement for sale or leave and licence agreement or acknowledged copy of the income tax return.
**Private Trust:**

- The Board of Trustees shall specify the names of the trustee/s who shall hold/operate the demat account.
- The account should be opened in the names of the trustees under “Individual” category (maximum three account holders).
- The proof of address and identity documents of the trustees should be obtained for account opening.
- PAN card of the trust.

**Account of Recognized’ Funds / Trusts/ Other similar entities.**

The Funds/ Trusts/ Entities presently included under this category are as follows:

- Employees Provident Fund, which have been recognized by the Provident Fund Commissioner under Employee’s Provident Funds & Miscellaneous Provisions Act, 1952.
- Employees Gratuity Fund, which are formed under Payment of Gratuity Act, 1972.
- Superannuation Fund which are formed under the guidelines issued by Income Tax Department.
- Venture Capital Funds which are registered by SEBI.
- ESOP Trust formed pursuant to the guidelines issued by SEBI).

Accounts of the above Funds/ Trusts/ Entities should be opened in the name of above Funds/ Trusts/ Entities as they are recognized either under the Income Tax Act or Securities & Exchange Board of India, etc.

Documents to be furnished by the above Funds/ Trusts/ Entities and other Funds/ Trusts/ Entities, which are similarly placed, are:

- Certificate of Registration, if any, issued by the authority recognizing the Fund/ Trust/ Entity as such;
- Trust Deed and Rules and/or any document or charter defining their constitution and providing for management thereof;
- List of Members on the Board of Trustees/Governing Body;
- Certified true copy of the Resolution passed by the Board of Trustees/Governing Body to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account;
- Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee;
- One passport-size photograph of each of the authorized signatory(ies) with their signatures across the face of the photograph;
- PAN cards issued to such Fund/Trust/Entity
- Proof of registered office address evidenced by document registered with registering authority or bank statement or agreement for sale or leave-and-license agreement or acknowledged copy of Income Tax Return.

**Demat Account of Banks**

Banks have to submit following documents for opening a demat account:
- Certified true copy of Board Resolution, or
- Letter on the letterhead of the bank, signed by the Chairman/MD authorizing opening of account and authority given to authorized signatories to open and operate the demat account.
- Names of the authorized signatories, designation, photograph and their specimen signatures, certified by Chairman/Managing Director.
- Memorandum and Articles of Association & Certification of Incorporation or Copy of RBI Registration in case of Scheduled / Co-operative Banks
- Proof of address evidenced by document registered with registering authority or agreement for sale or leave and license agreement or acknowledged copy of Income Tax return.

**Foreign National Account**

Foreign nationals have to submit following documents to open a demat account:
- Certificate from the bank or copy of passport.
- Other documents – same as NRI.
- As certain countries allocate Post Office Box Numbers in lieu of address to their nationals, the foreign address containing Post Office Numbers (P.O. Box No.) may be accepted as valid address provided such P.O. Box No may be accepted as Permanent and/or Correspondence address. In such cases, additionally, the DPs should obtain the complete residential address of the Foreign National BO, under declaration at the time of opening of the account. Such BO shall give an undertaking that whenever there is a change in the residential address, the BO shall inform the DP.

Photocopies of the above documents, if accepted, should be attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the FN resides. The attesting authority should affix a “verified with originals” stamp on the said documents. The photocopies of the KYC documents and PAN card should also be signed by the FN. If the FN comes in person to open the account, the above attestation requirement may be waived.
**Demat account for Association of Persons (AOP):**

Following documents are to be obtained for opening account of an AOP:

- Object of the association.
- Powers of the Managing Committee.
- Resolution to open a demat account in CDSL.
- Names of authorized signatories with the specimen signatures duly authorized by the governing Board Member.
- Copy of the PAN Card in the name of AOP.
- Copy of the Bye Laws.

**Mutual Funds**

- SEBI Registration Certificate clearly indicating the address of the Mutual Fund.
- Pan Card of the Mutual Fund

**Escrow Account**

- POA and POI of entity that is opening the account (RTA / Clearing Member / Manager to the Issue).
- The photographs of the authorized signatory(ies) who would be operating the account.
- PAN card of both parties' i.e. corporate entity & Escrow Agent. The PAN details of the corporate entity would have to be captured in the CDSL system.
- Copy of the Escrow Agreement duly signed by the parties.

**Unclaimed Securities Suspense Account.**

If a listed company wishes to open a demat account for dealing with "unclaimed shares", such an account shall be opened as "<Issuer Name> - Unclaimed Securities Suspense Account." The suspense account shall be held by the Issuer purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when he/she approaches the Issuer.

- The Board Resolution and all other documents as prescribed by SEBI and CDSL for opening a Corporate Account shall be obtained. The Issuer shall furnish a declaration on its letterhead, signed by the authorized signatories, stating that: "We hereby undertake that we will ensure compliance with the provisions of SEBI Circular no. SEBI/CFD/DIL/LA/1 /2009/24/04 dated April 24, 2009 related to the procedure for dealing with unclaimed shares. We further undertake that the
said suspense account will only be used for the purpose as specified in the said SEBI circular."

**Procedure to be followed while opening an account:**

Procedure to be followed for opening a demat account, for various categories of accounts, mentioned above, is as follows:

BO wishing to open an account in CDSL should approach a DP registered with CDSL. The BO and the DP will enter into an agreement and each one will abide by the terms and conditions of the agreement. Format of the agreement shall be as specified by CDSL. However, a BO belonging to any one of the exempted categories specified under the CDSL Bye laws need not enter into an agreement with the DP.

**FII:**

A Foreign Institutional Investor registered with SEBI, who has entered into an agreement with the Participant either directly or through its power of attorney holder in accordance with the provisions of Regulation 16 of the SEBI (Foreign Institutional Investors) Regulation, 1995. Provided that such agreement gives the Participant authority to act on behalf of the Foreign Institutional Investor for availing the services of the Depository and a copy of such agreement has been filed with SEBI.

- **International Multilateral Agency and Global Custodian**

An International Multilateral Agency and Global Custodian who has entered into an agreement with the Participant pursuant to Regulation 17 of the SEBI (Custodians of Securities) Regulations, 1996 and such agreement inter alia confers authority on the Participant to avail of the depository services on behalf of an International Multilateral Agency and Global Custodian.

- In order to open an account, the investor shall fill up an Account Opening Form as per the format provided by CDSL. The investor should complete the standard form in all respects and submit the same to the DP along with the relevant documents prescribed above. However, the DPs can obtain a single form from the CM for opening the multiple accounts of same exchange, e.g. CM Principal, CM USA, and CM CISA accounts for BSE and CM Clearing Member and CISA account for exchanges other than BSE. Instructions to the applicants / BOs for account opening as given in Annexure may also be printed on the account opening forms or given to the BOs as a separate sheet along with the accounting form.
Those sections of the application form, which are not relevant to any particular account, should be marked ‘Not Applicable’ (N.A.).

In person Verification

The authorized official of the DP should personally verify the photograph(s) affixed in the account opening form and proof of identity document(s) with the person concerned, before opening the account of non-body corporate.

After due verification, the DP should affix a stamp on the document(s) collected as proof of identity to the effect that the identity of the applicant(s) is verified “in person” and the copy of the valid proof of identity documents have been “verified with original”. The authorized official of the DP who has done in-person verification and verified the documents with original should sign under the DP stamp.

DPs may stamp or print the "in-person" verification details on any page of the account opening form so that the other details mentioned in the AOF are not made illegible. The staff of the DP who has done "in-person" verification should sign under the DP stamp. Attachment of a separate sheet or a sticker to the Account Opening Form having done "in-person" verification will not be allowed. This will be an alternate arrangement to the existing procedure of affixing a stamp on the document(s) collected as proof of identity as mentioned earlier.

As per directive of SEBI, DPs may use (optional) a "web-camera" to carry out "in person" verification at the time of opening of BO accounts, subject to compliance with other guidelines relating to the opening of non-corporate BO accounts, including verification of documents.

In the case of accounts opened in the name(s) of NRIs or FNs, (if the DP cannot personally verify the NRI/FN client), the DP should ensure that photocopies of all the KYC documents/proofs and PAN card are attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI or FN resides. The attesting authority should affix a “verified with originals” stamp on the said documents. The photocopies of the KYC documents and PAN card should also be signed by the NRI/FN. If the NRI or FN comes in person to open the account, the above attestation requirement may be waived.

The PAN Card details submitted by the applicant(s) should be verified with the name(s) appearing on the website of the Income Tax Department, i.e.

http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp
In case the name(s) do not match or the PAN Card details are not present in the PAN Card database, DPs should seek necessary clarification from the applicant(s) and activate the account only when the discrepancy is resolved.

- In case of Joint Account Holders, the PAN Card details of each of the joint account holders should be obtained and updated in the CDAS System. DPs should note that there is a provision in CDAS system to capture separate PAN numbers for all joint account holders.

- Special care should be taken to check genuineness of the client if disproportionately large numbers of accounts (say, above 20) are opened with the same or similar names and/or same address and/or with the same bank account details.

- The DP should obtain and maintain photocopies of documents submitted on regular paper and not on thermal facsimile paper.

- The BO shall submit account opening form along with the relevant documents to the DP. The DP should ensure that all KYC documents submitted are self-attested by the BO(s)

- The DP shall accept the duly completed account opening form along with relevant documents and give an acknowledgement to the BO after signing and stamping the acknowledgement slip.

- The DP shall enter the account opening information in the CDSL system from the account opening form filled by the BO(s). The DP should accurately capture the BO details accurately.
• A BO shall be classified with a BO status. These statii are system-defined. The BO status identifies the BO as an Individual, NRI, Corporate body, Bank, etc.). The DP should ensure that a separate BO Account is opened for each BO sub-status (subtype), e.g. - A BO being an Individual (BO Status) may be a Resident BO for a particular ISIN, but may be a Resident Individual Director (sub-status) for another ISIN. In such a case, the BO should open two BO accounts, one for each sub-status. A BO will be classified with a BO status. The information to be captured for each BO status will be different. The system will allow the DP to capture only the relevant fields as per the BO status. By defining different BO status codes, relevant fields for each type of BO can be entered (e.g. sex code will not be relevant to a Corporate BO). The DP will first select which status code to use for the set-up of a BO account. Only those fields that are pre-defined for the status code will come up on the screen for the user to enter.

• The DP shall scan the signature(s) of the BO(s), authorised signatory (ies) and Power of Attorney holder(s), if any, at the time of account opening or immediately thereafter.

• Once the transaction is committed, the data is captured and stored at CDSL. A unique BO account number (ID) is generated by the system. The DP should record the BO ID on the original application form.

• The BO account number is unique within the system and will serve as a reference number for the BO in all his future dealings with his DP or with CDSL.

• The DP should send the BO a system-generated confirmation letter for having opened the account mentioning the account number along with the formats of necessary forms and instruction slips. This letter should be given to the BO and the DP should maintain proof of such despatch. The letter along with other documents mentioned earlier may also be given to the BO if the BO wants to collect the same in person. The DP should maintain proof of such delivery.

• All correspondence/queries relating to BO Account are sent to the First Holder only at the correspondence address recorded in the system.

Proof of Bank account of the BO

DPs should collect proof of bank details. Any one of the following documents can be collected: -
i. Photocopy of the cancelled cheque having the name of the account holder where the chequebook is issued.

ii. Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old.

iii. Photocopy of the Passbook having name and address of the BO.

iv. Letter from the Bank.

In case of option (ii), (iii) and (iv) above, MICR code of the branch should be present/mentioned on the document and it should be self-certified by the BO.

MICR code starting with 000 will not be eligible for ECS.

**Demat account For Proprietary / Partnership Firms:**

A BO Account can be opened in the name of a proprietor or partner(s). BO accounts in the name of the Proprietorship Concern or Partnership Firm cannot be opened in CDSL system.

Proof of address and proof of identity documents are to be obtained for proprietor / partners. PAN card details are to be obtained for proprietor / partners as well as for the proprietary / partnership firm. For Partnership firm, Partnership deed is also to be obtained. The pan card details of the partnership firm / proprietorship firm is to be obtained and updated in the CDSL system.

A BO’s Account can have a maximum of three names associated with it: the Sole/ First Account holder, the First Joint holder and the Second Joint holder. One passport-size photograph of applicants should be pasted on the form along with their signatures across the photograph and Account Opening Form.

**Demat account for more than three holders:**

In case the share certificates are held in the names of more than three holders, then procedure to open demat account for such investors is given below:

- The account may be opened in the name of the first holder and the balance joint holders should be accommodated in the two joint holders’ names, ensuring that the pattern of holding as per the Certificate tallies with the pattern of holding as per the BO Account.
- Such an account should be used only for the purpose of dematerialization and once all certificates have been dematerialised, such an account should be closed and shares transferred to a NEW ACCOUNT opened in the name of maximum three holders.
An undertaking should be obtained from the account holders that in such account credits shall be only through demat and corporate actions.

For such accounts purchase waiver flag should be marked as ‘NO’ to ensure that credits through other transactions do not come in such accounts.

**Procedure for opening Escrow account:**

- The escrow account should be opened in the name and form of <Issuer name> - <Reason for opening the escrow account>-operated by-<Operator Name> for e.g. Infosys Technologies Ltd. - Buyback Account - Operated by - Karvy Consultants Ltd.

- Proof of address and proof of identity should be obtained for the entity that is opening the account. The photographs of authorized signatories who will be opening the account as well as who will be operating the account along with name, designation should also be obtained.

- The escrow account shall be active for the limited period of the activity for which it has been opened. Such period shall be as specified by SEBI / CDSL or any such regulating authority from time to time. After the specified period is over the account should be closed by the DP irrespective of whether the closure instruction is received from the account holder or not.

**Demat account for an Illiterate / Disabled Person / Blind person:**

- The BO shall, as far as possible, come in person to open the demat account. Such persons should, at the time of opening an account with a DP, 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 in the presence of an authorised officer of the DP, who should certify that the thumb impression was affixed in his presence.

- In case of disabled persons, the BO should produce a medical certificate about the BO’s disability.

- The DP should identify the BO by verifying the photograph submitted by the BO and if the BO is illiterate/blind, the DP should read out/explain the contents of the account opening form and DP-BO agreement to such BOS, in the presence of a witness at the time of opening the account. The said witness should sign the agreement and the
account opening form, as a witness. The official of the DP should then put his signature and remarks "Details explained to the BO" on the account opening form.

**Procedure for opening of CM accounts:**

The procedure for opening of a CM Account remains similar to opening a normal BO Account. The DPs shall use the corporate account opening form for opening of a CM account, even though the CM may be an individual/ partnership firm.

The DP’s shall also take note of the following for opening of the CM account -

- If the CM is a ‘Sole Proprietor’, the name of the sole proprietor should be entered in the first holder field.
- In case the CM is a corporate, the name of the company is to be entered in the first holder field.
- If the CM is a partnership firm, the account is to be opened in the name of one of the partners, the names of the other partners may be added as joint holders.
- While entering the CM-ID, care should be taken to enter the entire ID without preceding zeroes, spaces or special characters in the ID. (e.g. CM ID 100 to be entered as 100, CM-ID 001 to be entered as 1). Moreover, the same should be entered without spaces and special characters. The same number is to be entered in all the accounts, i.e. Principle, USA and CISA account in case of BSE and CM Clearing Member Account & CISA in case of other exchanges.
- The CM of exchanges other than BSE shall execute a DP-BO agreement. The CM of BSE shall execute DP-CM agreement.
- The CM shall execute an undertaking on its letterhead and the same should be stamped and signed by the authorized signatories. This undertaking shall authorize CDSL to debit/credit the Clearing Member account based on the instructions received from the exchange.
- DPs should collect the original undertaking and two copies thereof. The original undertaking is to be sent to CDSL, one photocopy to be retained by the DP and the other photocopy to be sent to the CH/CC by the CM.
- DPs are also required to open the CM Investors Securities Account (CISA) for each CM Account opened by them. The CISA can be opened based on the same Account Opening Form.

Procedure for opening of accounts for the “surviving holders” of a BO account (TRANSMISSION) – with the same DP:
• In case of “Transmission”, the new account would need to be opened in the same order of names of the surviving holders as given in the old account. For example; If the old account is in the names of A, B & C and “C” expires, the new account, should necessarily be in the names of A and B

• **Agreement:** If the surviving BO(s) decide to open the new account, with the same DP a new Agreement need not be entered into. The account opening form and “Agreement” signed at the time of opening of the old account may be used for the new account.

• **Address Proof:** If the holder of the new account is the same as the old account, the address proofs obtained for permanent address and correspondence address, as submitted with the old account, may be used for the new account. However, if the 1st Holder is different, the DP should take care to ensure that existing KYC norms are adhered to in obtaining the required proofs for recording of permanent and correspondence address. Further, the DP shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in force at the time.

• **SMS Alert:** If the 1st holder of the account is the same as the old account, the same registration form and mobile number may be continued for receiving SMS Alerts. However, if the 1st holder of the account is different, the surviving BO(s) will have to provide the mobile number of the 1st holder of the new account for availing the “SMART” facility.

• **Nomination:** A fresh Nomination form, duly signed by the surviving holders will have to be obtained for the new account and duly updated in the CDSL system and Nomination Register.

**Precautions**

In addition to the procedures explained above, following precautions should also to be taken by DPs while opening a demat account:

• A Power of Attorney holder cannot open a BO account.

• HUF / Minor accounts should not have joint holders.

• Before opening an account, the DP should make inquiries as may be necessary and exercise due care and caution in ascertaining the bonafides of the intending BO. He should obtain proper documents.
• The DP should ensure that separate BO account is opened for each BO sub-status. E.g. A BO being an Individual (BO Status) may be an NRI BO (sub-status) for a particular ISIN, but may be a Director BO (sub-status) for another ISIN. In such a case the BO should open two BO accounts for each sub-status.

• DP should take maximum care while entering data, especially, Account category and account holder names. Because once these details are entered and data is committed to the CDAS system, modification or deletion of these details i.e. Account Category and Account holder names cannot be modified. Such accounts have to closed and new accounts opened.
7. ACCOUNT ADMINISTRATION AND MAINTENANCE

Introduction

After a demat account is opened, BO may want to change certain details such as address, signatures or any other details allowed by CDSL. This activity forms part of account administration and maintenance. Any additions, deletions and modifications in the account details should be done only against duly signed account modification form from the BO. Joint holders cannot individually make a request for any account modification. All additions/ modifications/ deletion entries are logged into CDSL records for audit purposes. DPs should verify the signatures of the BO on the Account Modification Form with the signatures of the BO captured in the CDSL system. Only those fields can be modified under a given BO status, which are predefined as modifiable.

Further, the requested modifications can be entered into CDSL system only if the account status is “Active”.

Modification of Account Holder Names

The names of any of the holders i.e. either the Main Holder, or Joint Holders of an account can not be modified. If a name change is desired, a new account has to be opened by the BOs in the new names. In case of Corporate Account / CM name of the account holders can be modified by CDSL only.

Modification of Address

- DP can modify Address of BO on receipt of a Request Letter for change of address / account modification form duly signed by all the account holders. For modification of address, the DPs shall take a document as proof of address as specified in account opening chapter.
- An authorized official of the DP shall put the “verified with original” stamp on the copy after verification with the original documents and sign the same under stamp of the DP.
- After effecting modification of address, the DP should send the system-generated letter to the BO, confirming change of address at the old as well as the new addresses.

Updation of change in address of Corporate/ Clearing Member/ Bank

- Request Letter for change of address / account modification form duly signed by the authorized signatory(ies), as per the Board Resolution, along with:
Certified true copy of Form 18 (change of address within the State);
Certified true copy of Form 23, if applicable (change of address from one State to another State).
Latest transaction statement received from the DP.
An authorized official of the DP shall put the “verified with original” stamp on the copy after verification with the original documents and sign the same. DPs are also requested to note that the proof of address of all the account holders must be obtained.
In case of Banks, letter on the letterhead of the Bank, signed by the authorized signatory.

Nomination

Addition of nomination

The DP should mandatorily obtain a nomination form from the BO, Individual/NRI/Foreign National categories, duly filled and signed by all the holders.

The DP shall ensure that individuals give the nomination only. Non-individuals including society, trust, corporate body, partnership firm, HUF, holder of POA, cannot appoint a nominee. A minor can nominate through a guardian. An NRI can nominate.

The DP shall also ensure that the nominees appointed by the BO(s) are individuals. A body corporate, trust, society, partnership firm, HUF or a holder of a POA cannot be appointed as a nominee. An NRI can be appointed as a nominee subject to the Exchange Control Regulations in force from time to time. A minor can be appointed as a nominee represented by a guardian.

The DPs should maintain a record of the nominees registered in a nomination register. The register can be in physical form or in electronic form. Each nomination entered in the register should be given a serial number. This serial number should be written on the nomination form along with date of entry of the nomination in the nomination register.

If a BO does not wish to nominate, the option: "I/WE DO NOT WISH TO NOMINATE" in the Nomination Form should be selected. The DP should ensure that all the account holders duly sign the nomination form.

The DP shall, at all times, irrespective of subsequent variations and cancellations, maintain an updated "Register of Nominations" which shall contain the following information:

- Nomination Registration Number.
- Date of Registration.
- BO Account Number for which nomination is being received.
- Name of nominee.
- Address of nominee.
- If Nominee is a minor, then schedule date of attaining majority.
- Name/address of the guardian, if nominee is a minor.
- Option "not to nominate", is submitted by the BO(s).
- Remarks.

- After verification of the documents for adding/changing nomination, particulars of the nomination details should be recorded in the CDSL system.

- In case the DP has not entered the details of nomination in the Nomination Register and in the CDSL system, the BO account will be considered as “without nomination”.

**Power of Attorney**

A BO is permitted to give power of attorney (POA) to any other entity to operate the demat account. POA holder can be an individual or a corporate entity. A BO can give POA to more than one entity also, if needed. POA holder can operate the account as per authority specified in the power of attorney document. DP should ensure that the instructions given by a POA holder are as specified in the POA document.

**Set up a POA for BO**

- The DP shall ensure that all the joint holders sign the POA, if the POA is granted by all of them.
- The DP shall verify the signature of the holders with records.
- The POA should be duly stamped. Notarization thereof, is at the discretion of the DP. In case a copy of the POA document is submitted, the BO(s) should certify the same as a “TRUE COPY”.
- The dates till which the POA is valid are captured. This date may be specified by the BO in the Account Modification form or mentioned in the POA.
- At the time of set up of POA for BO account, the DP shall, mandatorily, register the BO (or first holder of a joint account), for the SMART (SMS Alert) facility (see Annexure 2.4 - SMS Alert Registration Form) All debits to the account, effected by the POA holder, will be intimated by CDSL to the BO directly through the SMS Alert facility.
- If the BO does not have a mobile phone, he/she may provide the mobile number of any person as per his/her discretion.
• The DP shall give a unique POA Identification number, which is stored along with the BO ID for which the POA is setup. All POA details are stored and linked to a BO.

• The DP shall, at all times, irrespective of subsequent variations and cancellations, maintain an updated "Register of Power of Attorney", either in physical or electronic form which shall contain the following information: -
  • Power of attorney Registration Number.
  • Date of Registration.
  • BO A/c Number for which Power of Attorney is being received.
  • Name of Power of Attorney.
  • Address of Power of Attorney.
  • Remarks.

After verification of the documents for setup/modification/cancellation of Power of Attorney, particulars of the same should be recorded in the CDSL system within 7 days of receipt of the documents.

The powers and authorities conferred by the existing POA shall continue until the request for modification / cancellation is recorded in the CDSL system or 7 days of receipt of the same by the DP, whichever is earlier.

**Modify POA details for BO**

Additional care should be taken by the DP to verify the authenticity of the BO authorizing the change in the POA, at the time of accepting any request for modification in the POA details.

All the holders should sign the account modification form.

**Delete POA details for BO**

When POA details are deleted, the associated name, address and signatures of the POA holder are also deleted.

Written instruction, Account modification form / letter, should be obtained from the BO for deletion of POA, signed by all joint account holder(s).

**Signature**

**Replace Signature**

• For change of signature, the DP should obtain an account modification form or letter from the BO signed by all the account holders and stating the reason for change of signature.

• The BO should personally visit office of the DP with a valid proof of identity. The account holder(s) should affix the new signature in presence of a DP official.
• The DP should keep record of the proof of identity and name of the DP official in whose presence the new signature(s) was affixed.
• If the BO cannot come in person, the BO’s Banker must attest the letter or account modification form containing the old and new signatures.
• The DP should exercise utmost precaution before replacing signatures of any BO. The DP should send a confirmatory letter generated by the system to the BO informing the BO that the change in signature has been recorded in the system.

Change in signature of Corporate / Clearing Member / Bank
• Certified true copy of Board Resolution for persons authorized by the Board to act as Authorized Signatory (ies).
• Fresh List of Authorized Signatories along with their photographs and signatures.
• In case of Banks, letter on the letterhead of the Bank, signed by the General Manager or higher authority.

Change of signature and address simultaneously
Change in signature and change in address should not be accepted simultaneously. In the event of such an occurrence, abundant caution should be exercised in carrying out the request and the matter should be reported to CDSL.

Change in name
Corporate / FII account
The DP shall forward the following documents to CDSL for updating the change in name in CDSL system:
• Letter from Corporate / FII requesting for change in name.
• Certified copy of the Board resolution where the change in name was approved.
• Certified copy of the Fresh Certificate of Incorporation from Registrar of Companies (ROC) / SEBI Registration Certificate in case of FII.
• List of authorized signatories along with specimen signature with due verification from Managing Director/Company Secretary.
• Covering letter of DP forwarding the above documents after verifying the signature(s) of the authorized signatories of corporate / FII, in the format specified by CDSL from time to time.

After verifying the above documents, CDSL officials will carry out the name change as requested.
Change in name of Clearing Member account.
The DP shall forward the following documents to CDSL for updating the change in name in CDSL system:

- Letter from clearing member requesting for change in name.
- Certified copy of the Board resolution where the change in name was approved, if applicable.
- Certified copy of SEBI Registration Certificate with the change in name.
- Copy of the letter received from the Stock Exchange, where the clearing member is a member acknowledging change in name.
- List of authorized signatories along with specimen signature with due verification from Company Secretary/Whole-time Director.
- Covering letter of DP forwarding the above documents after verifying the signature(s) of the clearing member, in the format specified by CDSL from time to time.
- The DP shall retain the originals of the documents received from the BO and forward the copies, countersigned / attested by DP to CDSL.
- On receipt of information from CDSL of the rejection / updating of change in name, DP shall inform the CM accordingly.
- The above procedure is applicable only if CM ID remains unchanged.

Modification of Bank details
DPs should collect proof of bank details. Any one of the following documents can be collected: -

(i) Photocopy of the cancelled cheque having the name of the account holder where the cheque book is issued.
(ii) Photocopy of the Bank Statement having name and address of the BO and not more than 4 months old.
(iii) Photocopy of the Passbook having name and address of the BO.
(iv) Letter from the Bank.

In case of option (ii), (iii) and (iv) above, MICR code of the branch should be present/mentioned on the document and it should be self-certified by the BO.

Delete Name and Address
DP can delete the name and address of guardian/ nominee / holder of POA in respect of a BO account on receipts of account modification form / letter signed by the account holder(s). The name(s) of the account holder(s) cannot be modified or deleted.
ACCOUNT CLOSURE

A BO account closure can be initiated by:

- BO
- DP
- CDSL

In all the above cases only free balances are transferred. Any balance, which is under lock-in, Pledge, Pending for Remat, Pending Demat verification, Pending Demat confirmation, is not transferred. Account will be closed only when all the balances in the account are Zero.

Account closure initiated by BO

- In case of closure initiated by BO, the BO shall give a request to the DP in an Account Closure Request Form (ACRF).
- A Power of Attorney holder cannot sign the ACRF. The BO’s signature is required.
- On receiving the ACRF from the BO, the DP shall verify the BO details (including the signatures of the BO) with the details available in the CDSL system and then executes the closure request. In case of joint account, all the holders should sign the form.
- The ACRF shall indicate whether the balances in the BO account should be rematerialised and / or transferred to another BO account of CDSL.
- The Account Closure Request should be entered on the CDSL system within 2 days of receipt of the Closure Request.
- Once the closure request is entered in CDAS, Status of the account becomes ‘To Be Closed’. No credits are allowed in the account after this status change. However, debits are permitted.
- The BO should give instruction for transferring shares to other account or a request for rematerialization.
- After all the free balances have been transferred, the DP should provide the BO with a Transaction Statement for the quarter in which the request has been received.
- This statement should contain all transactions from starting date of the said quarter till the date on which the account has been closed / marked for closure.
- The words “Account Closed / To be Closed” should be prominently written, by the DP, on the Transaction Report.
- The DP should keep the proof of dispatch of such Transaction Statement to the BO on record.
• At the End of Day (EOD), on the day when all the balances in the BO account become “zero”, the status of the account will change to “CLOSED”.
• The DP will issue a final statement of account to the BO showing the final transactions and a balance of “Zero”. In case of “To be closed” accounts, a final statement of account should be sent to the BO showing the final transactions and a balance of zero after closure of account, with status as “ACCOUNT CLOSED”.
• The DP should keep the proof of dispatch of final Transaction Statement to the BO on record.
• The above procedure should also be followed for closure of CM accounts.

Closure of accounts with pending demat requests
Following documents are to be submitted a BO in cases where the BOs wish to withdraw the demat requests pending disposal by Issuers / RTAs for a long time, in order to enable them to close their demat account(s):
• A letter, in the prescribed format, requesting for rejection of the pending demat request.
• On receipt of the above request from the BO, the DP should follow up with the concerned Issuer / RTA for rejection of the request based on the long-pending demat request.
• On rejection of the demat request by the Issuer/RTA, the DP should set up a account closure request for closing the BO account, based on the account closure form submitted by the BO. The remainder of the procedure to be followed is as given above for account closure.

Account closure initiated by DP
A DP can initiate the closure of a BO account for reasons such as
- Non payment of fees/charges
- Violation of agreement with the DP
- Transfer to another DP/Main DP due to closure of Brach/Main DP

• The DP shall give an advance notice of 30 days, or any such period specified by CDSL, to the BO intimating him / her of the closure for any one or more of the aforesaid reasons, except for mistakes in entering BO details by the DP. In case the BO is unwilling to close the account, he / she may inform CDSL/ DP specifying the reasons for the same immediately or within any such period specified by CDSL, of receipt of the letter from the DP informing him / her of the request for closure of the account.
• The DP, then, will enter the account closure request in the CDAS system. The request is internally approved at the DP’s office through the CDAS system. The account status becomes ‘To Be Closed’. No credits are allowed in the account after this status change. The DP should reduce the balances to zero. The account will be closed by CDAS system only when all the balances in the account are reduced to zero. After the DP approves the closure, the account status will change to “TO BE CLOSED”.

• Once the DP approves the account for closure, it cannot be cancelled. Further, no account modifications are allowed on such accounts.
• The DP will generate a final statement of account showing the balance as zero.
• This statement should be sent to the BO.
• The DP should preserve proof of dispatch of this letter.

Closure of an account due to shifting of account from one DP to another DP

Shifting of account from one CDSL-DP to another CDSL-DP
• The BO intending to shift an existing account to another DP should open a new account with another DP in the same order of names as in the existing account and obtain Client Master Report, duly stamped and signed by official of the new DP and the same, along with the following documents, should be submitted to the DP with whom the existing account is held:
  • Duly filled and signed Account Closure Request Form with a remark in the “Reason for closure” column as ‘Shifting of account’, mentioning the new account number.
  • A declaration stating that all transactions in the account are authentic.
• On receiving the above documents, the DP should verify whether the names in the new account and existing account are same and are in the same order. If the names in the new account are different or are not in the same order, the documents should be returned to the BO immediately, indicating the discrepancy. The DP should maintain a record of such returned documents.
• If all the documents submitted by the BO are in order and all the balances in the account are free, then the DP should enter the transfer request in CDSL system by using ‘Account Transfer’ option in the ‘Transfer / Transmission’ module. While entering the data, the DP should once again verify that account holder names in transferee and transferor BO accounts are same.
  • CDSL will not levy any charge for such account closure transfers.
  • As soon as the transaction is executed, the DP should initiate closure of the account. When all balances in the account become NIL, the system will automatically close the account.
Shifting of account from a CDSL-DP to a DP of the other depository

- The BO intending to shift an existing account from a CDSL DP to a DP of the other depository should open a new account with a DP of the other depository in the same order of names as in the existing account and obtain Client Master Report from the new DP stamped and signed by an official of the DP.
- The Client Master report from the DP where the new account has been opened (duly signed and stamped by the authorized signatory of the new DP), along with following documents should be submitted to the CDSL DP with whom existing account is held:
  - Duly filled and signed Account Closure Request form with a remark in the ‘Reason for closure’ column as ‘Shifting of account’, mentioning the new account number.
  - A declaration stating that all transactions in the account are authentic.
- On receiving the above documents, DP should verify whether the names in the new account and existing account are same and are in the same order. If the names in the new account are different or are not in the same order, the documents should be returned to the BO immediately, indicating the discrepancy. The DP should maintain record of such returned documents.
- If the documents are in order, DP should initiate account closure through the module ‘BO Account Maintenance’, by using the option ‘Closure Initiated by BO’.
- DP should enter the transfer request in the CDSL system by using “Inter depository” module.

DPs should note that in existing ‘Inter depository’ module only free balances are transferred. Any balance, which is under lock-in, Pledge, Pending for Remat, Pending Demat verification, Pending Demat confirmation is not transferred.

SHIFTING OF ACCOUNT from one CDSL-DP to another CDSL-DP / within the same DP / Inter-depository, where there is a difference in the name of the source & target accounts of the same individual:

Change in name of a BO consequent upon marriage:

For shifting from one CDSL-DP to another CDSL-DP:

- The BO should obtain either the DPA5 or DPE4 report, Client Master Report of the account in the married name, duly stamped and signed by an official of the new CDSL-DP.
- The Client Master Report along with the following documents should be submitted to the DP with whom the existing account is held:
  - Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".
• A declaration stating that all transactions in the account are authentic.
• PAN Card in the married name
• Marriage Certificate of the BO.

**For shifting of account within the same DP:**

• If the BO’s source account (in maiden name) and target account (in married name) are **within the same DP**, the following documents should be submitted by the BO for effecting the transfer of securities:

  • Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".
  • A declaration stating that all transactions in the account are authentic.
  • PAN Card in the married name
  • Marriage Certificate of the BO.

DPs are advised to ensure that the veracity of the claim is thoroughly substantiated before the transfer of securities is effected. If all the documents submitted by the BO are in order, the DP should enter the transfer request in the CDSL system by using “Account Transfer” option in the “Transfer / Transmission” module.

**For shifting of account from CDSL to the other depository:**

If the BO wishes to transfer securities from the source account in the maiden name (in CDSL) to the target account in the married name (in the other depository), the following documents should be submitted by the BO:

  • Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".
  • Client Master Report of the account held in the married name, duly stamped and signed by an official of the DP of the other depository.
  • A declaration stating that all transactions in the account are authentic.
  • PAN Card in the married name
  • Marriage Certificate of the BO

DPs are advised to ensure that the veracity of the claim is thoroughly substantiated before the transfer of securities is effected. If all the documents submitted by the BO are in order, the DP may transfer the securities from the source account to the target account using the “Inter-Depository” Module in the CDSL system.

**Reverting to maiden name (consequent upon divorce)**
A. For shifting from one CDSL-DP to another CDSL-DP:

- The BO should obtain either the DPA5 or DPE4 report, Client Master Report of the account held in the **maiden** name, duly stamped and signed by an official of the new CDSL-DP.

- The Client Master Report along with the following documents should be submitted to the DP with whom the existing account is held:
  
  - Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".
  
  - A declaration stating that all transactions in the account are authentic.
  
  - PAN Card in maiden name
  
  - Divorce Certificate or Order of the Court confirming the dissolution of the marriage.

For shifting of account within the same DP:

- If the BO’s source account (in married name) and target account (in maiden name) are **within the same DP**, the following documents should be submitted by the BO for effecting the transfer of securities:

  - Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".

  - A declaration stating that all transactions in the account are authentic.

  - PAN Card in maiden name

  - Divorce Certificate or Order of the Court confirming the dissolution of the marriage.

DPs are advised to ensure that the veracity of the claim is thoroughly substantiated before the transfer of securities is effected. If all the documents submitted by the BO are in order, the DP may transfer the securities from the source account to the target account using the “Transaction” Module in the CDSL system.

For shifting of account from CDSL to the other depository:

- If the BO wishes to transfer securities from the source account in the married name (in CDSL) to the target account in the maiden name (in the other depository), the following documents should be submitted by the BO:

  - Duly filled and signed Account Closure Request Form with a remark in the "Reason for Closure" column as "SHIFTING OF ACCOUNT".
• Client Master Report of the account held in the **maiden** name, duly stamped and signed by an official of the DP of the other depository.

• A declaration stating that all transactions in the account are authentic.

• PAN Card in the maiden name

• Divorce Certificate or Order of the Court confirming the dissolution of the marriage.

DPs are advised to ensure that the veracity of the claim is thoroughly substantiated before the transfer of securities is effected. If all the documents submitted by the BO are in order, the DP may transfer the securities from the source account to the target account using the “Inter-Depository” Module in the CDSL system.
8. DEMATERIALIZATION

INTRODUCTION

Dematerialization is the process by which a BO can get his physical securities converted into electronic form. Pre-requisites for dematerialization are:

- Investor should have a demat account with any DP of CDSL.
- Securities to be dematerialized must have been admitted in CDSL i.e. ISIN for the securities should be available in CDSL.
- Investor should be the registered holder for the securities in the books of the company.

The BO submits a request to the DP in the Dematerialization Request Form (DRF) along with the certificates. The DP verifies the information on the DRF and physical certificates and enters the details in the system to setup a request electronically. The DP sends the physical documents to the concerned Issuer/RTA. If the Issuer/RTA finds the DRF and certificates in order, it registers CDSL as the registered holder of the securities and confirms the DRN electronically to CDSL. On receiving such confirmation, CDSL credits the BO account. The process flow of a demat request is given below:

1. BO submits DRF with certificates
2. Issuer/RTA accesses electronic request
3. Issuer/RTA confirms electronic request
4. CDSL receives request
5. CDSL credits BO's account
6. Issuer/RTA confirms electronic request
7. BO receives statement of holdings
If the issuer / RTA rejects all or some of the certificates in a demat request then the same are sent back to the DP mentioning the rejection reason(s). DP will then ask the BO to rectify the reason of rejection and send the certificates again for dematerialization under a fresh demat request.

Dematerialization can be normal dematerialization as explained above or it can be "Transmission-cum-Dematerialization (TCD)" or "Transposition-cum-Dematerialization".

**TRANSMISSION-CUM-DEMATERIALIZATION**

In case of death of one or more joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the security certificate(s) and get them dematerialized by submission of the following documents:

a) Dematerialisation Request Form
b) Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by gazetted officer.
c) Transmission request form - TRF

DP should setup a demat request in the account of the surviving holder(s) and submit all the documents to the Issuer/RTA with the system generated letter. DP should write in the ‘from BO ID’ column as ‘Transmission-cum-Demat’.

**TRANSPOSITION-CUM-DEMATERIALIZATION**

Transposition is applicable in situations where the demat account has been opened in the name of A, B, C and some of the certificates are in any other order of holder names such as A, C, B or B, C, A or C, B, A etc., i.e. holders names are same but order in which they appear is different. Such certificates can be dematerialised in the account of A, B, C by filling up a Transposition Request Form (TRPF), attaching the same with the DRF and submitting to the DP.

**DEMATERIALIZATION OF SHARES WHICH ARE HELD IN MORE THAN THREE NAMES**

In case the number of joint holders are more than three, the DP has to process the dematerialization request as per usual procedure ensuring that the main BO name is mentioned as 1st Account Holder and the balance joint holders are accommodated in the two joint holders’ names but ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account.
Such an account should be used only for the purpose of dematerialization and once all certificates have been dematerialized, such account should be closed and shares transferred to a new account opened in the name of maximum three holders.

**DEMATERIALIZATION PROCEDURE**

**ACTION BY BO**

**Normal Demat**

For dematerialization BO should submit the following documents to the DP -

1. Duly filled DRF giving all details as required on the form. Account holder(s) or power of attorney (if any) should sign the DRF.
2. Physical certificates

Demat requests for lock-in securities cannot be set up along with the free securities i.e. the BO will have to fill separate DRF for securities which are free (without encumbrances) and a separate DRF for securities under lock-in. Separate demat request will have to be setup for securities with different lock-in reasons and different lock-in expiry dates.

Lock-in reason can be any of the following:

- Director / Relative Quota
- Employee Quota
- Preferential Allotment
- Promoters Quota
- Underwriters Quota
- Private Placement
- 54EA of IT Act 1961
- 54EB of IT Act 1961

**Transmission-cum-demat**

In case of Transmission-cum-Demat, BO should submit the following documents have to be submitted to the DP -

1. Duly filled DRF
2. Certificates in physical form
3. Notarized copy of the deceased account holder(s)
4. Duly filled transmission form.

**Transposition-cum-demat**

In case the BO intends to transpose and demat the securities following documents have to be submitted to the DP -

1. Duly filled DRF
2. Duly filled TRPF
**ACTION BY DP**

On receiving a DRF along with other documents from the BO, DP must ensure the following before accepting the same:

- The securities intended for dematerialization are admitted by CDSL. If not then the DP shall inform the same to the investor.
- Correct ISIN is selected where the security of an Issuer has more than one ISIN.
- Certificates are in names of maximum three holders only.

The DP must verify the following –

- The DRF, the TRPF (if applicable) are filled completely.
- The certificate details mentioned on the DRF and on the certificates enclosed, tally.
- Name(s) of the holder(s) appearing on the certificates exactly tally with those recorded under the BO account maintained with CDSL.
- All the holders have signed the DRF, the TRPF (if applicable) and the signatures of the account holders’ match with those recorded by the DP.

If there is any discrepancy in any of the details, the DP will get the same rectified from the BO and the error free DRF will be taken up for further processing by the DP. Immediately on receipt of DRF along with the certificates, the DP should give an acknowledgement to the BO.

The DP will enter the details mentioned on the DRF & the certificates are entered in the CDSL system. On successful entry of details, the system generates a unique number called as ‘Demat Request Number (DRN)’, which serves as a reference number. The DP will write the DRN on the DRF. The DRF details are immediately available electronically to the Issuer/ RTA after the DRN is generated.

The DP will deface the certificates by affixing a rubber stamp as “Surrendered for Dematerialisation”and mutilate the certificates the certificates, by punching two holes at the top of the certificate(s). To avoid misuse in case they are lost in transit. The DP should take proper care that the stamp is affixed in such a manner that no material information such as Distinctive number, Folio number, Certificates number, etc., are smudged or become illegible.

The DP will authorize the DRF by putting his seal & signature. The certificates & the original DRF is sent to the Issuer/ RTA along with a covering letter. A copy of the DRF is to be maintained by the DP for its own reference and records.
The DP will then capture the despatch details such as the despatch reference no, despatch date, name of the courier etc in the CDSL system. The DP must despatch the physical documents to the Issuer/RTA within 7 days from the date of receiving physical documents from the BO, or any such period specified by CDSL from time to time, from the date receipt for demat request from the BO.

**ACTION BY ISSUER / RTA**

The Issuer/ RTA must complete the dematerialization process within a period of 15 days of receiving the physical documents, or any such period as specified by CDSL from time to time. The procedure given below is also applicable to Transmission-cum-Demat / Transposition-cum-demat also.

After receiving DRF along with physical certificates and other documents as the case may be, the Issuer / RTA will access electronic details from the CDSL system. The Issuer / RTA will check whether the:

- DRF is authorised by the DP.
- Details as mentioned on the DRF and as received electronically from CDSL, tally.
- Signature of BO's on the DRF tally with the signatures recorded by him.

If the electronic and physical details match then the Issuer/ RTA will carry out confirmation process in the back office by transferring the registered ownership of securities in the name of CDSL and giving credit in the BO's demat account.

The Issuer / RTA shall inform the details of the securities dematerialised to all stock exchanges where the security is listed (as per the requirements of the respective stock exchanges). The Issuer / RTA should also furnish such a certificate to CDSL on a quarterly basis.

If the electronic and physical details do not tally, the Issuer/ RTA will inform the DP. The DRF, certificates and any other documents received along with the DRF will be sent back to the DP under rejection. Appropriate reason of rejection must be specified so as to enable the DP to rectify the same. The major reasons under which a demat request can be rejected by an Issuer/ RTA are as under:

- DRF not filled completely
- Signature(s) do(es) not match
- Forged / Fake / Stolen Certificate
- Duplicate certificate already issued
- Holders’ name(s) do(es) not match
Certificate details do not match
Court injunction
DRF sent to incorrect Issuer/RTA
Quantity mentioned on the certificates is more / less than electronic request
Stop transfer
Certificate of incorrect ISIN being mixed up in the DRF
Certificates’ having different lock-in release dates being mixed up with the same DRF
DRN set up under wrong ISIN

Procedure to be followed if Physical Securities are lost in Transit

In cases where the Issuer/RTA has received information about dematerialization electronically from CDSL but physical certificates have not been received, the procedure to be followed is as under:

- The DP shall provide the Issuer/RTA proof of despatch and also confirm that the certificates are not returned undelivered at their end.
- If the certificates have not been returned undelivered and are not traceable at the Issuer/RTA’s office, then it will be assumed that the certificates have been lost in transit. In such a case, the DP shall execute an Indemnity Bond in favour of the Issuer/RTA. Format of the Indemnity is given in Annexures at the end of the book.
- If the Issuer/RTA has already rejected the original demat request, then a fresh demat request is to be set up by the DP and the Indemnity Bond duly executed shall be submitted to the Issuer/RTA, along with a new DRN. The Issuer/RTA shall accept the demat request and carry out dematerialization on the basis of the Indemnity Bond given by the DP.
- In cases where the Issuer/RTA has rejected the demat request (for such a reason where the rejection can be rectified by the BO/DP), and dispatched the same to the DP, and such certificates are lost in transit, then an Indemnity Bond is to be executed and submitted to the Issuer/RTA along with a new DRN. In such cases, the DP is required to obtain prior consent from the Issuer/RTA for execution of Indemnity.
- However, in cases where the Issuer/RTA has rejected the demat request (for such a reason where the rejection cannot be rectified by the BO/DP), the Issuer/RTA will retain the documents. Such rejections may be on account of Fake / Forged / Duplicates already issued / Court Injunctions, etc. In such cases, the DP should obtain rejection letters from the Issuer/RTA & hand over the same to the BO in order to enable the BO to take up the matter with the Issuer/RTA concerned.
9. Rematerialisation

Introduction

Rematerialisation is the process of converting securities, held in a demat account (i.e. electronic form) to physical form. A BO intending to convert the securities into physical form submits a remat request to the DP in a Rematerialisation Request Form (RRF). DP verifies the information on the RRF and enters the details in the system to setup a request electronically. The system generates a unique serial number called as Rematerialisation Request Number (RRN), which can be used for future reference. The DP sends the RRF to the concerned Issuer/ RTA. If the remat request is in order, the Issuer/ RTA approves the same and confirms the RRN electronically to CDSL. On receiving such confirmation, CDSL debits the BO account. Physical certificates are sent by the Issuer / RTA directly to the investor. The process flow of a remat request is given below:

Rematerialisation Process

Action by BO

A BO who wishes to have balance in his demat account in CDSL, rematerialised, has to fill up an RRF in duplicate, sign it and submit the same to his DP. RRF should be signed by all holders / POA (if any). The BO may specify on the RRF that the quantity to be included in only one certificate (Jumbo Lot) or the certificates may be for market lot i.e. one share per certificate. Separate RRF is to be submitted for remat of free quantity and quantity under lock-in. If lock-in is for different reasons then a separate RRF is to be submitted for each lock-in reason.
**ACTION BY DP**

On receipt of RRF from the BO, the DP verifies the details mentioned in the RRF with the BO details maintained with CDSL. Sufficient ‘free balance’ or ‘lock-in balance’ must exist in the account for remat. Signature(s) of the BO(s) or POA holder should match with those recorded with the DP.

If all the details on the RRF are correct then the same are entered in the CDSL system by the DP within seven days from the date of receipt of RRF. When the request is set up, CDSL system generates a unique Rematerialisation Request Number (RRN) for each remat request. Once a remat request is set up, the balances to the extent of quantity for which remat request has been setup, are blocked in the demat account and cannot be used for any other transaction.

DP records the RRN on the RRF and authorises the RRF with his seal and signature. The DP retains a copy of the RRF for his records and sends the original RRF to the Issuer / RTA with other documents, if any.

The DP must ensure that the remat request is sent to the Issuer/ RTA within seven days of request received from the BO and is honoured within a period of 30 days from the date of physical receipt of the RRF by the Issuer / RTA.

**ACTION BY ISSUER / RTA**

On receiving the physical documents, the Issuer / RTA will access the electronic request from CDSL system and verify the details as per RRF. If the remat request is acceptable, Issuer / RTA confirms the same electronically through the CDSL system. On receiving such confirmation, CDSL system debits the BO account with quantity accepted for rematerialization.

On verification, if the details do not match, the Issuer / RTA will electronically intimate the rejection of RRF and send the rejected RRF to the DP, along with all the documents, for necessary correction/ rectification. For the rejected RRF, the DP will carry out the necessary rectification in consultation with the BO and set up a fresh remat request.

A rematerialisation request may be rejected for reasons such as:

- The details given in RRF do not match with the electronic intimation received
- The RRF is incomplete
- The documents are sent to wrong RTA/ Issuer
- Necessary documents do not accompany the RRF
For all accepted remat requests, the Issuer / RTA takes the following particulars on record based on RRF:

- Name of the Holder(s)
- Father's Name / Husband's Name of the first holder
- Address
- PAN
- Tax Status
- Age
- Bank Account Number
- Name of the Company
- Quantity of securities rematerialised
- Signature of all the Holders mentioned in the RRF
- Whether the securities are under lock-in. If yes, then the period up to which such securities are under lock-in and reasons for such lock-in
- Existing Folio No., if any
- If POA holder operates the BO’s account, the true copy of the POA also will be taken on record.
- Other documents, if any

The Issuer / RTA records the name of the BO as the Registered Owner(s) of the rematerialised securities. The Issuer / RTA prints the certificates in the name of Registered Owner(s) and dispatches the same to the BO.

The Issuer / RTA informs all the stock exchanges, where the securities are listed, about the new certificate numbers, distinctive numbers of the rematerialised securities (as per the requirements of the various stock exchanges). Such a certificate should also be issued to CDSL on a quarterly basis.
10. SETTLEMENTS

Introduction
When securities are purchased or sold, the same need to be transferred into the buyer’s account or transferred out of the seller’s account. Since settlement of trades in all listed securities is to be compulsorily done in the dematerialized form, the transaction has to be routed through the depository system. The securities could either be sold or purchased through the stock exchange mechanism or outside the stock exchange mechanism.

A demat account can be debited / credited only on instructions of the BO. BO therefore needs to give instructions to his / her DP to affect debit / credit of securities out of his / her demat account. However, instructions are, generally, required only for debit since a BO can give a one-time standing instruction to the DP, for crediting the account without a credit instruction, at the time of account opening. This one-time instruction is known as “Purchase waiver”. The DP executes all instructions in the CDSL system, only after verification of the signature of the account holder(s).

Transfer of securities in / out of the demat account can arise in the following instances -

- For execution of off market transaction i.e. transactions between two accounts on mutually agreeable terms, i.e. a transaction done on a person-to-person basis, without going through the stock exchange mechanism.
- For settling on market trades i.e. trades done by the investors through stock exchange mechanism and settled using the settlement mechanism of the same exchange.
- For inter depository transfers i.e. transfer of securities from an account held in one depository to an account held in the other depository.

For transfer of securities, BO is required to submit a duly filled in instruction slip, in the format specified by CDSL, to his / her DP for execution. This instruction slip can be used for transfer of securities necessitated due to any of the above reasons.

Booklets of instruction slips are issued to the BO after an account has been opened. The instruction slips have the BO ID pre printed or pre stamped and a serial number pre-printed on them. The DP is required to keep a proper record in respect of the range of serial numbers of the instruction slips issued to each BO. The BO should submit the instruction slip, duly filled in and signed by the account holder(s) or a duly constituted POA (if any), to the DP. The BO should clearly specify the type of transaction for which the instruction slip is
submitted. Any alterations / modifications to the instruction slips already signed by the holder(s), should be again authenticated by the holder(s).

**Transactions (Transfer of Balances between two BO accounts of CDSL)**

Transaction is transfer securities from one BO account to another BO account. Both accounts are in CDSL. Both accounts may with same DP or different DPs. In off-market transactions the buyer account or the receiving account is not with a CH/CC.

Following combinations of off-market transactions are possible:
- BO account to BO account
- BO account to CM account for pay-in
- CM account to BO account for pay-out
- CM account to CM account.

The seller BO will submit a duly filled in delivery instruction slip, giving details of the buyer BO, ISIN, Quantity etc., to the DP. On receipt of the instruction slip, the DP will verify the same and enter the off-market instruction in the CDSL system. If the buyer BO has not given one time standing instruction i.e. purchase waiver, the buyer BO will be required to give receipt instruction to his DP for receiving securities in the account. Instructions can be for current business date as execution date or for a future business date as execution date. Transactions entered for future execution date will be kept pending till the execution date. Immediately on entering the instruction, a ‘Transaction Id’ is generated by the system.

On the “execution date” as specified by the BO in the instruction slip, the transaction will be executed. At the time of execution, if sufficient balance is present in the seller BO account, the account will be debited and corresponding credit will be given in the buyer BO account and transaction status will be ‘Settled’. For each settled transaction, CDSL system will generate a ‘Trade ID’.

If the balance in the seller BO account is insufficient, the instruction will remain in the “Overdue” status. For all instructions with “Overdue” status, CDSL system will check for availability of balances at pre-defined intervals till end of the day (EOD) on execution date. At the end of day of the execution date, if balance is still insufficient the instruction will be marked as ‘failed’.
On Market Transactions

In on market transaction receiving account / buyer account is always with CH/CC. Investors buy / sell securities on the trading mechanism provided by the stock exchanges through SEBI registered CM's. The day on which the trade is executed is called as the Trading day or the “T” day. On receiving confirmation, from the CM, of execution of the trade, the buyer BO has to deliver the funds (money) to the CM and the seller BO has to deliver the securities to the CM. The CM delivers the funds and the securities received from the BO to the CH / CC of the stock exchange before the stipulated time specified by the stock exchange. The CH / CC of the stock exchange then delivers the securities to the buying CM's and funds to the selling CM's, who have executed trades on behalf of their clients. This activity of the CH / CC of the stock exchange of delivering funds and securities to the respective sellers / buyers is known as “Settlement of market trades”. The date on which settlement takes place is known as “Settlement date”.

The process of delivery of securities by the seller CM to the CH / CC for settlement is known as “Pay-in of securities” and the process of delivery of securities by the CH / CC to the buyer CM is known as “Pay-out of securities”. Pay-in and Payout of securities takes place at predetermined timings decided by the stock exchanges.

Settlement of on market trades is currently done on a T+2 basis i.e. settlement takes place on 2nd working day after the trade has been executed by the CM.

Settlement of funds is effected through the clearing banks and depository plays no role in this whereas settlement of securities in dematerialized form is effected through depository system.

PAY-IN OF SECURITIES

Pay-in procedure

A CM has to open designated depository accounts for settlement of securities through CDSL. (The description of these accounts is already given in the Chapter-Account opening). On receipt of confirmation of execution of a trade from the CM, the seller BO has two options -

1. Deliver the securities to the CM’s designated accounts who in turn will deliver the securities to the CH / CC of the exchanges. For delivery of securities to the CM’s designated account, a BO has to give off-market instructions to the DP. While giving instructions, BO must mention the settlement number for which the transfer of securities is being done and CM ID through whom the trade has been executed.
2. Deliver the securities directly to the CH / CC of the stock exchange by giving on-market / Early pay-in instruction to the DP.

**Pay-in Options**

On receipt of securities from the seller BO in the CM account, CM has three options to deliver the securities to the CH / CC of the exchanges -

1. Give an early pay-in instruction through to the DP.
2. Use “normal pay-in option” and give on-market instructions to the DP, specifying the settlement number for which the instructions are given.
3. Give Auto pay-in instructions to the CH / CC.

**Early pay-in**

A CM can use this pay-in option to avail margin exemptions.

- BOISL, the CH of BSE maintains separate early pay-in accounts for each CM, where the securities for early pay-in have to be delivered.
- NSCCL, the CC of NSE maintains separate early pay-in accounts for each CM, where the securities for early pay-in have to be delivered.
- For availing margin exemption, the BO or the CM can give early pay-in instructions to the DP from the day of trading up to one day prior to the pay-in day or any such time as specified by the stock exchange.
- On receipt of the instructions from the BO / CM, the DP verifies the same and enters the early pay-in instruction in the CDSL system and on successful commit; the securities will be transferred from the concerned BO / CM account to the early pay-in account.
- In case balances in the BO / CM account are insufficient at the time of entry, the instruction will fail and will have to be re-entered after the balance is available in the BO / CM account.
- On the settlement date, the securities transferred in the early pay-in account will be used by the CH / CC for settlement of trades.

**Normal pay-in**

- Normal pay-in can be used by a CM to deliver the securities (received from the seller BO in the designated CM account) to the CH / CC of the stock exchange by giving on-market instruction to the DP.
- Normal pay-in can also be used by a seller BO to directly deliver the securities to the CH / CC of the exchanges by giving on-market instruction to the DP.
- Seller BO / CM can give on market instruction to the DP, any time from the “T” day itself to T+2 day before pay-in time, even if no balance is available in the account. Balance can be made available by the seller BO / CM till the pay-in time.
- At the pay-in time of the BSE, CDSL earmarks the balance in the accounts for which the on-market instruction has been entered by the DP. Earmarking of balances will only be to the extent of quantity specified at the time of set up of the BO obligation confirmation.
  E.g.: If BO obligation confirmation is set-up for 200 shares by the DP and if the BO account has a balance of 500 shares, earmarking would be done for 200 shares only.
- Part earmarking is also permitted i.e. if BO obligation confirmation is set-up for 300 shares and at the pay-in time if 100 shares are available in the BO account, part balance of 100 shares will be earmarked.
- In case of trades done on BSE, the accounts of the BOs / CMs for which on-market instructions have been entered will be debited at the time of payout.
- For other stock exchanges, CDSL blocks all the securities present in the account and the account block is released only at the time of actual pay-in. For trades done on all other exchanges, the accounts of the BOs / CMs will be debited at the pay-in time.

Auto pay-in

- In case of trades done on BSE, a CM has an option to give a one time auto pay-in instruction to the CH of the stock exchange, in other words for trades done on BSE, auto pay-in facility will not be a compulsory facility. CM wishing to avail of the auto pay-in option is required to intimate in writing to BOISL, the CH of BSE and follow the procedure specified by the CH.
- By using this option, securities will be automatically picked from the designated CM account for pay-in. Thus CM will not be required to give any pay-in instructions to the DP.
- In case of trades done on exchanges other than BSE, securities in the designated CM accounts will be automatically picked up for pay-in since Auto Pay-in is the default mode of pay-in.
- CH/CC will generate auto pay-in instructions the CMs who have opted for auto pay-in.
- DP of the CM can view the details of the auto pay-in instructions through the inquiry option in the CDSL system on T+1 day afternoon.
- If a CM wishes to cancel the auto pay-in instruction generated automatically by CH, the CM will have an option to do so.
- At the designated pay-in time, the securities for which auto pay-in instructions are generated will be blocked i.e. earmarked in the designated CM account and picked up automatically by the CH for pay-in.
- Debit of securities from the designated CM account will be done at the time of payout of BSE.
- If a CM wishes to discontinue the use of auto pay-in facility, the CM can contact the BOISL, the CH of BSE.

**PAYOUT OF SECURITIES**

**Payout of securities to CM Pool accounts by the CH / CC**

After the pay-in of securities the CH / CC transfers the securities to the buying CM's account, for the quantity of securities purchased by the concerned CM. This process of transfer of securities by the CH / CC for the securities purchased by the CM on behalf of its clients is commonly referred to as “Pay-out” of securities. In case of trades done on BSE, the payout of securities is transferred to the CM’s, “CM Unified Settlement” account, commonly referred to as “CM Pool account”. For trades done on other exchanges, the securities are transferred to the “CM Clearing member account”. On receipt of securities in the designated accounts, the CM can give delivery instructions to his DP for transferring the securities to the respective buyer client's account.

**Payout of securities directly to clients accounts by the CH / CC**

In order to ensure that the buying clients get securities immediately, after pay-out, stock exchanges have provided a facility to the CMs, whereby the CMs can give the demat account details of their buying clients through their trading terminals. Based on the information provided by the CMs, the CH /CC of the exchanges will credit the accounts of the buying clients directly.

**Transfer of securities by CMs to the clients within the specific time period**

- Securities received as pay-out in the CM Pool account / CM clearing member accounts can be transferred to any BO account or CM Principal account or CM clearing member account of any other exchange.

- The CM must transfer the securities, received as payout, out of the CM Pool account / CM clearing member account within 24 hours from the date of receipt of payout.

- In case the securities are not transferred out, within 24 hours from the date of receipt of the securities, the securities shall be automatically transferred to a special account known as CM Investors' Securities account (CISA). Each CM is required to compulsorily open a separate CISA account per exchange.

- The securities in the CISA account cannot be directly transferred to CH / CC for pay-in purposes.

- A penalty charge is levied by the depository to the CM, on a daily basis, for the securities lying in the CISA account. Such charges recovered are used for “Investor Awareness programs”.

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Monitoring securities received by the CMs for pay-in

In order to enable a CM to keep track of the securities received from the clients for pay-in or the details of the securities received after payout, CDSL provides -

1. Reports - A DP can download reports at frequent intervals. CMs can approach their DP and collect the relevant information. The reports provide details of securities received by the CMs from their clients for pay-in. The clients, using any of the options explained earlier, can give pay-in instructions. Reports available before pay-in indicate probable shortage and after pay-in, the earmark (i.e. block) quantity and actual shortage quantity. The DP can use the downloaded reports for updating their back office.

2. Internet based facility “easi” - DP and CM can register to the “easi” facility. Through this facility, CMs can view the holdings in their accounts, status of instruction(s), and valuation of holding, based on the previous day’s closing prices on BSE.

Inter Depository Transactions

- Transfer of securities to / from an account held in one depository to / from an account held in another depository is known as “Inter depository transfers”.
- BO / CM wishing to deliver / receive securities to / from a demat account with the other depository will give instruction to the DP by submitting duly filled in instruction slip.
- On receipt of the instruction slip, the DP will verify the same and enter the instructions in the CDSL system.
- The instruction entered by the DP will be executed on the “execution date” as specified by the BO in the instruction slip.
- Inter depository transaction can be used for transferring securities from:
  - BO account on one depository to BO account on other depository
  - BO account on one depository to CM account on other depository
  - CM account on one depository to BO account on other depository
  - CM account on one depository to CM account on other depository

In case of delivery instruction (Debits):

- On execution date CDSL system checks available balance in the BO’s account. If sufficient balance is available in the account then required quantity is earmarked.
- If the delivering BO account does not have sufficient balance the transaction will be marked as ‘Overdue’. CDSL system will check for availability of balances at pre-defined intervals till stipulated cutoff time on the execution date. If balance is not available till such time then the instruction will fail.
• The details of inter depository instructions will be transmitted by CDSL to the other depository. This is done for verification of the counter BO details, ISIN, settlement number etc.
• If the counter BO details are confirmed as “OK” by the other depository, the delivering BO’s account will be debited and counter BO account on other depository will be credited.
• If the counter BO details does not match, the other depository will reject the instruction. In such case CDSL system will reverse earmark the balance earmarked earlier.

In case of receipt instructions (Credits):
• If the receiving BO has opted for “Purchase waiver” as “Yes”, then instruction to the DP for receiving credit of securities from the other depository is not required.
• If the receiving BO has opted for “Purchase waiver” as “No”, then instructions to the DP for receiving credit of securities from the other depository is necessary. In such cases, credits received from the other depository would be processed only if corresponding matching receipt instruction is found in the CDSL system.
11. CORPORATE ACTIONS

Benefits accruing from time to time from the issuer to the BO in respect of the securities held by such a BO are referred to as “Corporate Action”. These benefits could include payment of dividends, interest, bonus, rights, preferential allotments, warrants, merger, de-merger, redemption etc.

Corporate actions can be categorized into two types –

1. **Cash corporate actions** include payment of dividend, interim dividends and debenture interest payments. In case of cash corporate actions, CDSL merely provides the details of the BOs who hold the securities of that company to the issuer. Based on the details provided by the depository, the Issuer distributes the cash corporate benefits to the concerned BOs.

2. **Non-cash corporate actions** include issue of bonus shares, rights, preferential allotments, mergers, amalgamations, conversion of securities. Thus, in such corporate actions only securities are involved and there is no involvement of cash. CDSL distributes the non-cash corporate benefits based on the information received from the Issuer / RTA.

**Record date**

Corporate actions affect the holders of the securities. Thus, whenever any corporate action takes place it is necessary to determine the eligible BOs as of a particular date who are entitled to the corporate benefits. The issuer thus announces a cut off date to determine the BOs of the securities as of that date. This date is referred to as the “Record Date”.

On receipt of intimation from the Issuer, CDSL provides the details of the BOs as on end of day (EOD) of the record date to the issuer. The issuer uses these details to calculate the corporate benefits to be distributed to the BOs.

**Book Closure Dates**

Once in a financial year, each issuer closes its register of members for updating prior to payment of any corporate benefits to its shareholders. On receipt of intimation from the issuer, CDSL provides the details of the BOs as of the day prior to the book closure start date, so as to enable the issuer to calculate the corporate benefits to be distributed to the BOs.
**Procedure for corporate actions**

Whenever any corporate actions are declared by the issuer, intimation of the same is given by the Issuer / RTA to CDSL. The information of the corporate actions is made available to the DPs through the CDSL system.

As on the cut off date as decided by the issuer, CDSL provides the details of the BOs who hold the securities of that issuer. The details include the BO’s name and address, BO status, BO sub status, bank details, quantity of securities held by the BO, PAN etc.

All the BOs who hold the securities as of the cut off date will be entitled for the corporate benefits. As of the cut off date if the securities are held in the CM accounts, the benefits will be distributed to the CM and the CM gives to the concerned BO.

**Cash Corporate actions**

In case of cash corporate actions, CDSL provides the details of BOs who hold securities of the issuer as of record date or book closure dates as specified by the issuer. The issuer does actual disbursement of cash benefits directly and CDSL is not involved in it. Process flow chart of cash corporate action is as given below:

**Non-cash corporate actions**

As non-cash corporate actions involve securities, CDSL plays a major role in distribution of the non-cash corporate benefits and credits the accounts of the BOs electronically.

For non-cash corporate benefits, the Issuer/ RTA gives an option to the shareholders to get allotment either in electronic or physical form. The shareholders wishing to get credit in the electronic mode, inform the Issuer / RTA accordingly giving details of the demat account
where the credit is required. If the shareholders do not reply, the Issuer/ RTA issues securities in the same form in which the shareholders hold the securities as on the record dates.

If the shareholders opt for electronic mode, the Issuer/ RTA forwards the demat account details of such BOs to CDSL. CDSL verifies the demat account details and gives credit of securities to the BOs in the electronic mode.

If the demat account details are not found in order, CDSL shall inform the Issuer/ RTA. For such cases, corporate benefit credits will be given in physical form.

Process flow chart of non-cash corporate action is as given below:

1. Record date or Book Closure Dates

2. Details of BOs with balance on cut-off date

3. Details of allotments to BOs Issuer/RTA send allotment information

4. Corporate Benefits
12. INITIAL PUBLIC OFFERS

The primary market is the arena for raising funds directly from investors i.e. from the primary source of savings. A new company, an existing listed company, can make the issue of securities in the primary market. According to the Companies Act (section 68B) every listed public company, making an initial offer of any security of Rs. 10 crores and above has to issue it only in dematerialized form.

Since the process of issuing securities in physical form is expensive, cumbersome and is fraught with risks like printing mistakes, loss in transit and the time / effort / cost involved in dispatch of securities, etc., such risks are well mitigated by issuing such benefits in electronic form through the depository.

To encourage issue of the securities in demat form, SEBI has issued the following guidelines for public issues in electronic mode -

1. Issuer is required to enter into agreement with all the depositories.
2. Issuer has to give an option to the subscriber/ investor to receive the physical certificates or hold the securities in electronic mode with the depository where the issue size is more than 10 crores.

At the time of public issue, the issuer gives an option to the investors, in the issue application form, to subscribe to the issue either in physical form or electronic form. For receiving electronic credit of securities, the investor must open a demat account with any DP of CDSL before making an application. The issue application form has a provision for the investor to mention his / her demat account number.

The details include -

1. Depository name
2. DP name
3. DP ID
4. BO ID

The Issuer/ RTA on receipt of the issue application forms from the investors who have applied for allotment of securities in their demat account, will forward the demat account numbers of such investors to CDSL. CDSL provides the details of such demat account numbers to the Issuer / RTA.
The Issuer / RTA verifies whether the names of the BO as appearing on the issue application forms and details downloaded by CDSL tally. In cases where the names of the BOs on the issue application forms and the details downloaded by CDSL do not tally, the Issuer / RTA allots securities to such investors in the physical form.

The Issuer / RTA finalizes the basis and provides the details of the successful allottees who have opted for receiving securities in the demat form to CDSL. On the date as informed by the Issuer / RTA, CDSL credits the accounts of the successful allottees.

The Issuer / RTA inform the investors of the credit of securities in the electronic form by sending the allotment advice. The demat accounts of the investors will immediately show the credit of such securities.

Process flow chart of an IPO through CDSL is as given below:

1. Application for allotment
2. BOIDs for verification
3. Verification report
4. Details of allotments to BOs
5. Credits of securities
6. Issuer sends Intimation of allotment
13. PLEDGE / UNPLEDGE / INVOCATION

Introduction

As per section 12 of the Depositories Act, 1996, securities in demat mode can be pledged. Regulation 58 of SEBI Regulation on depositaries prescribes the manner in which a pledge is to be created.

When securities are to be pledged for advance / loan, two entities are involved in this transaction viz. the pledgor and the pledgee. The entity-taking loan against securities is called ‘pledgor’ and the entity that gives the loan is called pledgee. Pledgee may be a financial institution or any other entity providing advance / loan against securities. The ownership of securities continues to remain with the pledgor but the pledgee has a lien on them.

For creating pledge in depository system, the pledgor as well as the pledgee should have demat accounts. For the securities in demat form, the pledgor may be able to get higher loan amounts, with reduced margins and lower rate of interest as compared to securities in physical form.

Bankers, share brokers, investors and other entities dealing in securities make frequent use of the pledge facility in the normal course of their business. CDSL system permits creation of pledge against such securities held in demat mode.

Features of CDSL system for pledge

- Pledging is not treated as a disposal by the pledgor or an acquisition by the pledgee.
- Beneficial interest in the securities pledged continues to remain with the pledgor.
- Part unpledging / invocation is permitted.
- Only unencumbered and free quantity can be pledged. Securities, which are under lock-in, can also be pledged, but the Pledgee cannot invoke such securities till expiry of the lock-in period since the transfer of ownership of lock-in securities is not permitted till lock-in period is over.

Pre-requisites

- The pledgor and the pledgee must have demat accounts in CDSL to create a pledge. However the pledgor and the pledgee may hold accounts through same DP or through two different DPs.
- The pledgor and the pledgee may enter into a pledge agreement in the normal course of business.
• The pledgor and the pledgee account should not be tagged for closure.
• Pledgor as well as pledgee accounts should be on CDSL only as inter depository pledge is presently not permitted.

PLEDGE

CDSL system allows a holder of securities in demat account, pledgor, to use his / her dematerialized securities as collateral. A flow chart showing pledge process is given below.

Steps for creation of Pledge on securities
• The pledgor, desirous of pledging securities from his demat account in CDSL, submits a Pledge Request Form (PRF) in duplicate to his / her DP.
• The pledgee may countersign the PRF.
• On receipt of the PRF from the pledgor, the pledgor's DP verifies that the securities to be pledged are unencumbered and there is a free balance, i.e., the securities are not earmarked for settlement, or they are not already pledged or frozen.
• The pledgor's DP creates a pledge request in CDSL system by entering the details of the PRF in the front-end system. CDSL system allocates a unique Pledge Sequence Number (PSN) to each pledge request setup.
• CDSL system generates a confirmation letter for the pledgor on setup of a pledge request.
• The PSN generated by the system is noted on the PRF and a copy of the same is given to the pledgor who will subsequently give it to the pledgee.
• The pledgee submits the duly acknowledged copy of the PRF to his / her DP who can accept / reject based on the instructions from pledgee.
• CDSL system generates a confirmation letter for the pledgee on acceptance of a pledge request.
• On acceptance of pledge request by pledgee’s DP, the pledged quantity is blocked in the pledgor’s account.
• A pledge request setup can be cancelled by the pledgor before the same is accepted / rejected by the pledgee.

Unpledging (Closure of the pledge)
CDSL system allows unpledging i.e. release the pledged securities when the pledge obligation is fulfilled or as agreed between the pledgor and the pledgee. CDSL system provides two options to unpledge the securities. In the first option, the unpledge request can be set-up by pledgor and the same is approved by the pledgee. In the second option, pledgor need not set-up the unpledge request, Pledgee will set-up the unpledge request unilaterally.

Flow chart showings unpledge process as per first option is given below.
Steps for Unpledging of securities initiated by pledgor.

- For unpledging the securities, the pledgor submits a request on Unpledge Request Form (URF) in duplicate to his / her DP. The pledgee may countersign the URF.
- The pledgor’s DP will set up an unpledge request based on the URF, in the CDSL system. Other copy of the URF is given to the pledgee.
- Pledgee submits the duly acknowledged copy of the URF to his / her DP who either accepts or rejects the unpledge request.
- On acceptance/ rejection of the unpledge request, the status is changed from 'Unpledge Set-up' to 'Unpledge Accepted' or 'Unpledge Rejected', as the case may be.
- If the unpledge request is accepted, the pledged quantity of ISIN under this unpledge request is transferred from 'Pledged Balance' to 'Free Balance' in the pledgor's BO account. An Unpledge request can be setup for partial quantity also depending on the amount of advance being returned by the pledgor. For example if pledge request is setup for 500 shares and an advance of Rs. 10000 is taken against these shares, then based on part of the advance returned by the pledgor, proportionate quantity of the pledged shares will be released by the pledgee.
- An unpledge request setup can be cancelled by the pledgor before the same is accepted / rejected by the pledgee.

Steps for Unpledging of securities initiated by pledgee.

Pictorial representation of the pledge initiated by pledgee is given below:

- For unpledging the securities, the pledgee will submits a request on Unpledge Request Form (URF).
• The pledgee's DP will set up an unpledge request based on the URF, in the CDSL system.
• On acceptance/ rejection of the unpledge request, the status is changed from 'Unpledge Set-up' to 'Unpledge Accepted' or 'Unpledge Rejected', as the case may be.
• If the unpledge request is accepted, the pledged quantity of ISIN under this unpledge request is transferred from 'Pledged Balance' to 'Free Balance' in the pledgor's BO account. As mentioned earlier the Unpledge request can be setup for partial quantity also.

**Pledge invocation / Confiscation.**

CDSL system allows pledge invocation (confiscation) by the pledgee in case of need, whereby the securities are transferred from Pledgor's account to Pledgee's account.

**Steps for invocation / Confiscation**

- The pledgee, through his DP, submits a request for invocation of the pledged securities on an Invocation Request Form (IRF). Each IRF will be based on the PSN and the quantity, which the pledgee seeks to invoke.
- The pledgee's DP sets up an invocation request for the pledgee based on the IRF, and the balance is transferred from pledgor's account to pledgee's account. Balance transfer from pledgor’s account to pledgee’s account takes place only if the pledge is setup against securities, which are not under lock-in.
- If the invocation request is for a part quantity, the pledgee's DP can once again set up the invocation request for the balance quantity of the pledge, if required.
- The pledgor's DP and pledgee's DP will inform the pledgor and pledgee about the status accordingly. A flowchart showing process of pledge invocation is shown below.

![Flowchart](https://example.com/flowchart.png)
14. TRANSFER / TRANSMISSION

Introduction

The objective of transmission functionality is to allow the transfer of title of securities from one owner to other in case of death, lunacy or adjudicated insolvency etc. In case the BO is declared as lunatic or adjudicated insolvent or otherwise incapable to operate his BO account, CDSL shall, on production of the certified copy of the order passed by the competent court, transmit the security balances lying in such account to any other account as may be ordered. In the event of winding up of the BO by the court, the securities shall be transmitted to such account as directed in the court order to that effect. However, if the BO undergoes a voluntary winding up (not subject to supervision of the court) the securities shall be transmitted to such account as provided in the resolution passed for such voluntary winding up. There are two methods of transmission as explained below:

- **One to many transfer- ISIN wise**

  In this method only free balance can be transferred from one BO account to one or more BO account(s) ISIN wise as shown in the table below.

<table>
<thead>
<tr>
<th>Transfer from A/c</th>
<th>Securities in the account</th>
<th>Quantity</th>
<th>Transfer to A/c (s)</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>ISIN 1</td>
<td>500</td>
<td>B</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>C</td>
<td>200</td>
</tr>
<tr>
<td>ISIN 2</td>
<td></td>
<td>300</td>
<td>B</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>C</td>
<td>050</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>D</td>
<td>150</td>
</tr>
<tr>
<td>ISIN 3</td>
<td></td>
<td>200</td>
<td>B</td>
<td>200</td>
</tr>
</tbody>
</table>

- **One to One transfer- All ISINs**

  In this method free balances of all ISINs can be transferred from one BO account to only one BO account as shown in the table below.

<table>
<thead>
<tr>
<th>Transfer from A/c</th>
<th>Securities in the account</th>
<th>Quantity</th>
<th>Transfer to A/c</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>ISIN 1</td>
<td>500</td>
<td>B</td>
</tr>
<tr>
<td>ISIN 2</td>
<td></td>
<td>300</td>
<td>B</td>
</tr>
<tr>
<td>ISIN 3</td>
<td></td>
<td>200</td>
<td>B</td>
</tr>
</tbody>
</table>
In both of the above methods, BO accounts to which balances are being transferred may be with same DP (one who initiated the transaction) or different DP(s) but with CDSL only.

**Features**

The securities are transferred to the account of the nominee or the legal heir in case of death of sole holder. For transmission of securities in case of death of one of the holders, the new account would need to be opened in the same order of names of the surviving holders as given in the old account. For example: If the old account is in the names of A, B & C and “C” expires, the new account, shall necessarily be in the names of A and B.

“The securities are transferred to the account of the surviving holders in case of death of any joint account holder(s).

In case of death of sole holder, the DP should take measures to verify the identity of the successor mentioned in the succession documents. In case of death of joint holder(s), the surviving joint holder(s) should open a new account with CDSL only in the names of surviving holders.

In case the surviving holders wish to transfer the securities to a demat account with any other DP of CDSL, the DP shall ensure that the names of surviving holders are in the same order of names as in the existing account.

**Procedure - Death of Sole Holder**

If the deceased BO has nominated a person then the nominee shall be entitled to the transmission of the securities standing to the credit of the deceased BO’s account. In such a case the nominee shall submit the following documents to the DP:

- Transmission Request Form duly filled.
- Original or copy of the death certificate of the deceased holder duly notarized or attested by a gazetted officer.
- Client Master Report of the demat account of the nominee, in case the nominee has a demat account in individual capacity with another DP of CDSL. Nominee shall be the sole holder of the account. The DP shall ensure that the said nominee does not have any joint holders in this new account.

If the deceased BO (sole holder) has not appointed a person as a nominee then the Successor(s) claiming title to the securities of the deceased BO (sole holder) must fill up the Transmission Form and submit the original death certificate of the deceased BO or a copy of the same, (duly notarised/attested by a Gazetted Officer) and any one of the following: -
1. A Succession Certificate, or
2. A Letter of Administration, or
3. A Probate of the Will of the deceased

If there is more than one claimant, the claimants/successors shall submit one Transmission Request Form to the DP.

However, if the successors express their inability to produce any of the documents mentioned in 1, 2 and 3 above, and the market value of the securities held in each of the accounts of the deceased BO, as on the date of application for Transmission does not exceed Rs. 1,00,000/- or such other amount as may be specified by CDSL from time to time, the DP shall process the transmission request on the basis of the following documents:

- Transmission Request Form.
- Original/ Copy of death certificate of the deceased BO duly notarized or attested by a gazetted officer.
- Letter of Indemnity executed by the applicant on non-judicial stamp paper of appropriate value, duly notarized
- An affidavit from the applicant executed on non-judicial stamp paper of appropriate value and notarized.
- ‘No objection letter(s)’ from all legal heir(s) who are not applicants conveying no objection to the transmission of the relevant securities in favour of the applicant(s).

On receipt of the above mentioned certificates and documents, the DP shall suspend prospective debits to the deceased BO’s account and await instructions from the successor(s) / nominee.

The DP shall verify the notarized/ attested copy of the death certificates and details in the form with the BO account details of the deceased BO as available with CDSL. If the details are found to be incorrect in any manner, the DP informs the Successor(s) /Nominee about the errors. The transmittee BO(s) shall make the necessary corrections and returns the transmission form to the DP.

Once the details on the Transmission Request Form and the documents are found to be in order, and if the account of the Successor(s)/Nominee is with CDSL, then the DP shall set up a transmission request.
in CDSL system. The transmission of balances of all the ISINs (as specified in the succession certificate / nomination form or in the relevant legal document) will be done into the account of the transmitee BO(s) at CDSL.

The Transmitter DP shall give a statement of account to the new BO.
In case the account of the Successor(s) Nominee is with the other depository, the DP shall effect the transmission through the “Inter-depository” Module in the CDSL system.
After all the holdings have been transmitted from the deceased BO’s account, the deceased BO’s DP close the deceased BO’s account.

All transmission requests shall be processed within seven days from receipt of required documentation.

**Procedure - Death of one of the Joint Holder(s)**
In case the BO has nominated a person as successor to the securities in his account, then notwithstanding any nomination, the surviving joint holder(s) shall succeed to the securities standing to the credit of such an account.
On the death of any joint holder(s), the surviving joint holder(s) shall submit the following documents to the DP.

a) Transmission Request Form duly filled in - Annexure 7.2. The surviving holders shall submit a Transmission Request Form to the DP

b) Original or a copy of the death certificate of the deceased holder(s), duly notarized/attested by a Gazetted Officer.

c) Client Master Report of the joint holders, in case the joint holder(s) has/have a demat account with some other DP of CDSL/other depository.

On submission of the above-mentioned certificates and documents, the DP shall suspend prospective debits to the deceased BO’s account and awaits instructions from the successor(s). The DP makes a prima facie check on the death certificate submitted by the surviving joint holder(s). The DP opens a new account, if an account does not exist in the names of the surviving joint holder(s) as appearing in the original BO account. DPs shall ensure that the KYC documentation for opening of new accounts is as per SEBI and CDSL specifications in form at the time.
The DP shall verify the details in the transmission form with the original BO account details available at CDSL. If the details are found to be incorrect in any manner, the DP shall inform the successor about the errors in the transmission form. The transmitee BO(s) makes the necessary corrections and returns the transmission form to the DP.
Once the details on the transmission form and the documents are found to be in order, and if the account of the transmitte BO is with CDSL then, the DP shall set up a transmission request in CDSL system. The transmission of balances of all the ISINs will be done into the account of the transmittee BO(s). The DP shall give a statement of account to the new BO. After all holdings have been transmitted, the deceased BO’s DP shall close the original account.

All transmission requests shall be processed within seven days or receipt of required documentation.
15. FREEZE AND UNFREEZE

Introduction

Freezing is an action performed on a BO account as a whole or individual ISIN balances held with in an BO account to safeguard the balances present in the BO account. Freezing represents temporary blocking of entire balance or part of the balance in a BO account or the full BO account as such. If the freeze is initiated by the BO then the BO will continue to get all the corporate action, cash / non cash, benefits. If the freeze is initiated by DP/CDSL, The Issuer / RTA may choose to keep the benefits in abeyance.

Multiple freezes can exist for the same account since freeze can be initiated by BO / DP / CDSL. If freeze initiated by DP is released then the other freeze will still be active.

Freeze can be initiated by:

- BO as a safekeeping measure.
- DP based on instructions received from CDSL or a statutory authority such as SEBI/Court /Income tax department or any other regulatory body.
- DP can also freeze a BO account as lien with prior approval of CDSL.
- CDSL, based on instructions received from a statutory authority such as SEBI / Court / Income tax department or any other regulatory body.

Freeze can be initiated for:

- Full account i.e. all the ISINs in the account
- One or more ISINs for full balance.
- For partial quantity of an ISIN.

The Freeze can be for:

- Only Debits i.e. balances cannot move out of the account.
- Only Credits i.e. nothing can come in the account.
- Both Debits as well as Credits.

Freeze duration can be

- Temporary i.e. for a specified period by specifying Expiry date.
- Permanent i.e. Freeze expiry date is not specified.

Freeze can be

- Activated immediately
Activated at a future date, by specifying the Activation Date. Account or ISIN balances once frozen can subsequently be released (unfrozen) by giving appropriate unfreeze instruction, by the BO/DO as the case may be.

**Procedure**

As mentioned earlier freeze can be initiated by BO / DP/ CDSL. Procedure for freeze initiated by BO / DP is given below.

**Freeze INITIATED BY BO**

**Set-up**

- The BO shall fill up the freeze request form and submit the same to his DP.
- Authorized official of the DP shall verify that the form is duly filled and signature(s) of the holder(s) are matching.
- The freeze request should be entered on the system. A unique Freeze ID is generated by the system. It should be recorded on the form.
- The system generates an acknowledgement letter for the freeze setup.
- For freeze with activation type as current, the acknowledgement letter is generated immediately.
- For freeze to be activated at a future date, the acknowledgement letter is generated at Start Of the Day of the activation date.
- DP should print the acknowledgement letter. The letter should be signed and stamped by authorized official of the DP and should send the same to the BO.

**MODIFY / CANCEL**

- Freeze request setup with a future activation date can be modified / cancelled after receiving a written instruction from the account holder(s) before the freeze is activated. Any request received by DP for Freeze modification / cancellation should be verified by an authorized official from DP office before the same is entered in the system.
- CSDL system generates an acknowledgement letter for freeze cancellation. The letter should be signed and stamped by authorized official of the DP and should be sent to the BO.
- Modification/ Cancellation of freeze request on account of statutory order will be allowed only on the receipt of an order from the same or superior authority.
**INITIATED BY DP**

DP can initiate freeze on a BO account with it based on Order from Statutory authority / Regulatory authority/CDSL or to create lien on the balances in the BO account after getting approval from CDSL.

- Authorized official of the DP shall execute the instruction for freezing the account. System generated Freeze ID should be recorded on the Order from statutory authority / CDSL approval letter.
- The system generates an acknowledgement letter for the freeze setup. DP should print the same. The letter should be signed and stamped by authorized official of the DP and should be sent to the BO. Record of such dispatch should be maintained.

Proper documentation such as copy of the letter received from CDSL or statutory / regulatory authority, acknowledgement copy sent to the BO should be maintained by the DP.

**UNFREEZING**

**INITIATED BY BO**

- Account frozen by BO can be subsequently unfrozen by the BO. For this purpose the BO has to fill up the freeze / unfreeze request form. Any request received by DP for unfreeze should be verified by a senior official from DP office before the same is entered in the system.
- Authorized official of the DP shall verify that the form is filled completely and signature(s) of the holder(s) are matching.
- The unfreeze request should be entered on the system.
- The system generates an acknowledgement letter for the unfreeze setup. DP should print the same. The letter should be signed and stamped by authorized official of the DP and should be sent to the BO.

**INITIATED BY DP**

DP can initiate unfreeze on a BO account frozen by him due to following reasons mentioned earlier under ‘Freeze Initiated by DP’.
• For unfreeze, authorized official of the DP shall execute the instruction. The system generates an acknowledgement letter for the unfreeze setup. DP should print the same. The letter should be signed and stamped by authorized official of the DP and should be sent to the BO. Proper documentation such as copy of the letter received from statutory authority / regulatory authority, acknowledgement copy sent to the BO should be maintained by the DP.
16. GOVERNMENT SECURITIES

Central or State governments issue government securities (G-Sec). Initially only big financial institutions such as banks etc could invest in G-Sec. However, this scenario has changed now. As per notification of Finance Ministry, GOI dated 16th January 2003; even small investor can invest in G-Sec. At present, such trades are restricted to BSE, NSE and OTC exchanges only. An investor can buy or sell G-Sec from a share broker in the way similar to buy or sell of shares. Main difference between equity shares and G-Sec is that G-Sec has limited life specified by their maturity date where as equity shares have no maturity period specified. G-Sec can be held in the same demat account where other securities are held.

Central and State Governments need lots of funds for development works. Reserve Bank of India (RBI) raises these funds by way of loans from public at large as well as banks and other institutions. For each loan raised by RBI Rates of interest and duration of loan is different depending upon the situation at the time of issue.

RBI issues certificates to the entities subscribing to such loans. Different certificates are identified by way of Rate of Interest and Maturity date on the certificates such as “13.85% GOI 2026”. It means this security carries interest rate 13.85 % p.a., and will mature in 2026. Private banks, co-op banks, nationalized banks; provident fund trusts, financial institutions etc invest in G-Sec. Let us assume that above mentioned G-Sec is issued in 1995.

Hundreds of types of G-Sec are issued every year. But only few of them are available for buying. Small investors cannot buy G-Sec directly from RBI. For them, only option is to buy the same from stock market. However, one has to pay brokerage. Moreover, to find a proper broker is a difficult job. As a solution to this problem, CDSL has made arrangement in association with Securities Trading Corporation of India (STCI) so that investor can buy G-Sec without going to a broker. STCI is a company in public sector which is promoted by prominent Govt / semi Govt institutions. STCI does not deal directly with investors. For the purpose of monetary transactions, STCI has appointed Bank of India as a banker. BOI has designated some branches in India for this purpose. Investors are required to approach one of these branches and fill up a form. He should also tender a BOI cheque along with form. In the said form investor should mention his CDSL-Demat account No. A list of available securities along with its selling price is provided by STCI to these branches of BOI. As soon as cheque is realized, BOI informs STCI accordingly and thereafter STCI credits the securities in CDSL Demat account of investor. STCI has opened a separate demat account in CDSL for retail trading in G-Sec.
Interest on G-Sec is payable by RBI half yearly. G-Secs are credited in the investor’s CDSL Demat account. Therefore, RBI pays half yearly interest to CDSL. In turn, CDSL pays it to investors (CDSL’s demat account holder) immediately on receipt of the same from RBI. CDSL’s prompt system delivers the interest cheque to investor on the date of payment so that there is no loss of interest even for a single day.

Suppose an investor keeps Rs. 10,00,00 as fixed deposit in Bank. He will get annual interest Rs. 6.25 as per present rate of interest. This amount works out to Rs. 6250/-. However if the same amount i.e. Rs. 10,00,00 in invested in “13.85 % GOI 2026”, investor will get annual interest Rs. 13,850/-. Obviously, this is just an example. In fact above-mentioned securities to be bought by investor from STCI in the year 2003 are initially bought by STCI from RBI in the year 1995. Naturally, STCI will sell the said G-Sec to investor at some higher price e.g. Rs. 12,50,00/-. Then the annual interest Rs. 13850 earned by investor in on Rs. 12,50,00 and not on Rs. 10,00,00. It means rate of interest becomes 11.08 % and not 13.85 %.

Rate of interest in FDR of Banks or companies is certainly lower than this.

The main benefit of investing in G-Sec is that it is 100 % safe because the same is carries sovereign guaranty. Secondly TDS is not deducted on G-Sec.

The investor can buy / sale the G-Secs in the same way as it is followed for other type of securities. For example assume that Mr. Joshi holds G-Secs worth Rs. 10,00,000/= in his account for an ISIN. He wishes to enter into an off-market transaction with Mr. Rajiv. He may choose to transfer full or part of his holdings. Let us assume that G-Secs worth Rs. 5,00,000/= are to be transferred to Mr. Rajiv. Mr. Joshi, in this case will be required to give a delivery instruction to his DP. As soon as the delivery instruction is entered in to the system, the G-Secs will be transferred to the account of Mr. Rajiv. Thereafter, Mr. Rajiv will become owner of the G-Secs and ant interest payable after the transaction will be paid to Mr. Rajiv.

The investment in G-Sec is a long-term investment. However, if one wants to sell the G-Secs bought from STCI, STCI, since it is the market maker, is ready to buy them any time. There is a difference in by and sell rates quoted by STCI.

After maturity of G-Sec, RBI pays redemption amount to CDSL and CDSL will immediately pay the same to investor (CDSL demat account holder) by cheque. Needless to say that after maturity investor will get only face value of G-Sec and not market value. For example in above mentioned case, investor had bought G-Sec from STCI for Rs. 12,50,00 but after maturity he will get redemption value only Rs. 10,00,00.
FORMS
**Glossary**

**Account Closure**: A BO wanting to close a demat account held with any DP shall make an application in the specified format. The BO may close its account if no balances are standing to its credit in the account. In case any balance exist, then the account may be closed by rematerialisation of all its existing balances in its account and / or, by transferring its security balances to its other account held either with the same DP or with a different DP. The DP ensures that no transactions should be pending for the account.

**Account Opening**: Any person willing to avail the services offered by a depository shall open an account with a DP.

**Act**: Means the Depositories Act, 1996 as amended from time to time.

**Affidavit**: Is any written document in which the signer swears under oath before a notary public or someone authorized to take oath that the statements in the document are true.

**Affix**: To sign or seal, as affix a signature or a seal.

**Articles of Association**: The document, which lists the regulations that govern the running of a company. Articles of Association covers things like:
- Main business and purposes of the company
- Shareholder’s voting rights
- Directors duties
- General working and management practices.
- They are registered with the memorandum of association when the company is formed.

**Attest**: To confirm (usually in writing) that a document is genuine. To bear witness that someone actually signed a document such as a will.

**Beneficiary Account**: Any category of investor who is allow to hold securities acquired through IPO or by way of trading on stock exchange and wants to hold shares in demat form and undertake scripless trading must have a depository account called beneficiary account with DP of his choice.

**BO**: The true owner of a security or property, which may be registered in another name. Means a person whose name appears as such on the records of the depository.
**BSE:** The Stock exchange, Mumbai also known, as BSE is one of the oldest stock exchanges in Asia with over 6,000 stocks listed.

**Buy-Back of shares:** The purchase by a listed company of its own shares either in the open market or by tender offers. Companies do it for the following reason:

- To increase the share price
- To rationalise the capital structure - the company believes it can sustain a higher debt-equity ratio
- To substitute the dividend payouts with share repurchases (because capital gains may be taxed at lower rate than dividend income)
- To prevent the dilution of earnings caused, for example, by the issue of new shares to meet the exercise of stock options grants.
- To deploy excess cash flow and return it to the shareholders.

**Bye-Laws:** The Bye Laws of Central Depository Services (India) Limited formulated in exercise of the rights conferred by the Depositories Act. The Bye-laws define the scope of functioning of CDSL and its DPs and may be amended from time to time.

**CDSL:** Central Depository Services (I) Ltd. is an organisation promoted by the stock Exchanges and many leading banks to provide electronic depository facilities for securities traded in the equity and the debt market.

**Clearing Corporation:** means any body corporate or any association of persons engaged in the activity of clearing and settlement of trades and includes a Clearing House of a recognized stock exchange.

**CM:** means a member of a stock exchange recognised under the Securities Contracts (Regulation) Act, 1956 and who has obtained a certificate of registration from SEBI.

**CM-Principal Account:** means an account opened and maintained by a BSE CM in his own name as a BO with CDSL through a DP for the purpose of pay-in.

**CM Unified Settlement Account:** also known as **CM Pool Account** means an account opened and maintained by a BSE CM with CDSL through a DP for the limited purpose of temporarily holding securities received from the CH of BSE.
**Company Law Board**: means the Board of Company Law Administration constituted under section prescribed section of the Companies Act, 1956.

**Corporate Action**: includes any action relating to payment of interest, dividend, redemption, warrants, bonus, merger, split, amalgamation and any such other actions taken by the issuer from time to time.

**Corporate Benefits**: means benefits like dividends, interest, bonus shares, rights, preferential allotments, warrants, discount coupons, redemption at premium and such other benefits, accruing from time to time from the issuer to the BO in respect of the securities held by such BO.

**COSS**: Computerized On-line Settlement System of BSE.

**Debit**: An outflow of funds or securities with a bank or DP. E.g. When a person issues a cheque or delivery instruction, his / her account will subsequently be debited with the amount of cash or securities mentioned on the cheque or delivery instruction slip.

**Delivery Instructions**: means an instruction given by the BO to his DP to transfer securities from his account to another BO account.

**Dematerialisation or Demat**: Is the process by which an investor can get physical certificates converted into electronic balances maintained in his / her account with the DP. Securities held in dematerialised form are fungible i.e. they do not bear any distinguishing features.

**DRF**: In order to dematerialize his physical shares the investor (registered owner) submits a request to the DP in the Dematerialisation Request Form (DRF) along with the certificates of securities to be dematerialised.

**DRN**: Is a unique number generated by CDSL system when a demat request is set up.

**Demerger**: A corporate restructuring in which one part of a company is spun off as a new company.

**Depository**: A Depository is an organisation where the securities of an investor are held in electronic form, at the request of the investor through the medium of a DP. It is a company
formed and registered under The Companies Act, 1956 and which has been granted a certificate of registration under the relevant sections of the SEBI Act, 1992.

**Depository Participant:** is an agent of the depository and is authorised to offer depository services to the investors. According to SEBI guidelines, financial institutions, banks, custodians, stockbroker's etc. can become DP of a depository.

**Dividend:** is a portion of the profit paid by the company to its shareholders in proportion to their holdings.

**Electronic Public Offering (EPO):** An initial public offering, or new issue of shares, in which the process of applying for shares is handled electronically (via Website).

**Eligible Securities:** means securities, which are admitted on the depository.

**Equity:** The amount which shareholders own in a publicly quoted company. Equity is the risk-bearing part of the company's capital and contrasts with debt capital which is usually secured in some way and which has priority over shareholders if the company becomes insolvent and its assets are distributed.

**Face Value:** The value of a bond, note or other security as printed on the document. Throughout the life of a security, its market price will fluctuate but at maturity the face value amount is payable. Face value is also known as par value. An ordinary share might have a par value of Rs 100, but its market value will be determined by supply and demand in the market place, not by its par value.

**Financial Institution:** An institution, which accepts funds from the public and reinvests in bank deposits, bonds and stocks etc. These include banks and insurance companies.

**Fungible:** Demat securities do not have any distinctive numbers or certificate numbers. These shares are fungible - which means that 100 shares of a security are the same as any other 100 shares of that security.

**Heir:** One who acquires property upon the death of another, based on the rules of descent and distribution, namely, being the child, descendent or other closest relative of the dear departed.
**Indemnity:** An agreement in which one person is answerable for compensating the losses of another. Indemnities are common features of many commercial contracts.

**Initial Public Offering (IPO):** The first offering of a company’s shares to the public. The shares offered may be existing ones held privately, or the company may issue new shares to the public.

**Inter Depository Transfers:** Inter depository transfer means transfer of securities, which are admitted, for demat on both the depositories from an account held in one depository to an account held in the other depository.

**Interim Dividend:** A dividend, which is declared and paid before annual earnings have been determined.

**ISIN:** means International Securities Identification Number (ISIN) is a code that uniquely identifies a specific security, which is allocated at the time of admitting the same in the depository system.

**Issue:** means the number of shares of a company on sale to the public at a given time.

**Issue Price:** means the price at which a company’s shares are offered to the market for the first time. When they begin to be traded, the market price may be above or below the issue price.

**Issuer:** means any entity making an issue of securities.

**Issued Share Capital:** means the amount of authorized share capital that shareholders have actually subscribed to a company for share ownership.

**IRF:** Pledge Invocation Request Form

**Joint Account:** means a bank or a demat account in the names of more than one person (maximum three in case of a demat account). All the account holders must give their signature to operate a demat account held jointly.

**Limited Company:** means a company whose shareholder's maximum liability is limited to their share capital in the event of winding up.
**Listed Company:** means a company that has satisfied the requirements for its securities to be listed on a recognized stock exchange.

**Listed Security:** Securities, which are quoted on a recognized stock exchange.

**Listing:** The process by which a company’s securities become tradable on a stock exchange.

**Lock-in:** Securities allotted to an investor with a restriction that they can not be traded / transferred for a specified period. The objective is to give investors confidence that the management and key shareholders do not intend to cash in their stock the moment the market opens.

**Market Capitalization:** The market value of a quoted company, which is calculated by multiplying its current share price by number of shares in issue.

**Memorandum of Association:** means those details which a company, when formed, must submit to the Registrar of Companies together with its Articles of Association. They include company name, registered office, objectives, authorized share capital and a statement of limited liability.

**Merger:** The process by which two or more companies become one either by agreement, or hostile take over.

**Nomination:** means a process by which a holder of securities of a company may, at any time, nominate, in the prescribed manner, a person to whom his securities of the company shall vest in the event of his / her death.

**Nominee:** A holder of securities having no beneficial interest in the securities. The whole beneficial interest remains in one or more other persons.

**NRI:** As per the Foreign Exchange Management Act, 1999 (FEMA), an Indian citizen is considered as NRI when he / she stays abroad for employment / carrying on business or vocation outside India under circumstances indicating an intention of an uncertain duration of stay abroad.

The definition of NRI includes persons posted in U.N. Organizations, Officials deputed abroad by Central / State Governments and Public Sector Undertakings on temporary assignments, Non – resident foreign citizens of Indian Origin for the purpose of certain facilities.
For tax purposes, Income Tax Act, 1961 defines an NRI as "A person whose stay in India
during a financial year (April 1st to March 31st) is less than 182 days either continuously or
otherwise.

**Obligation**: A legal duty to pay or deliver something.

**Off Market Transfer**: means transfer of securities between two BO accounts on CDSL.

**On Market Trade**: are those trades, which are settled through the CC/CH of an exchange.

**Overseas Corporate Bodies**: Overseas Corporate Bodies (OCB) include overseas
companies, partnership firms, trusts, societies and other corporate bodies which are owned
directly or indirectly, to the extent of at least 60 % by individuals of Indian nationality or
origin resident outside India as also overseas trusts in which at least 60 % of the beneficial
interest is irrevocably held by such persons.

**Paid-Up Capital**: Capital subscribed by shareholders for a company's shares.

**PAN**: means Permanent Account Number issued by Income Tax Department.

**Partly Paid Shares**: The shareholders are usually asked to pay for their shares in two or
three instalments. Until the final instalment is made the shares are only partly paid.

**Persons of Indian Origin**: A person is deemed to be of Indian origin if he at any time held
an Indian passport or he or either of his parents or any of his grandparents was an Indian
and a permanent resident in undivided India at any time.

A wife of citizen of Indian or of a person of Indian origin is also deemed to be of Indian origin
even though she may be of non-Indian parentage. For the purpose of the facility of opening
and maintenance of various types of bank accounts and making investments in shares and
securities in India a foreign citizen (not being a citizen of Pakistan or Bangladesh) is deemed
to be a person of Indian origin if (1) he, at anytime, held an Indian passport, or (2) he, or
either of his parents or any of his grandparents was a citizen of India by virtue of the
constitution of India.

A spouse (not being of citizen of Pakistan or Bangladesh) of an Indian citizen or of a person
of Indian origin is also treated as a person of Indian origin for the above purpose provided
the bank accounts are opened or investments in shares and securities in India are made by such persons jointly with their NRI spouses only.

**Pledge:** Any person having a demat account can pledge securities against loan / credit facilities extended by a pledgee, who too has a demat account with a DP.

**Pledgee:** means a person in whose favour the pledgor has pledged the securities.

**Pledgor:** means a person who pledges securities in favour of the pledgee to take loan or advance.

**Portfolio:** A group of investments held by an institution or an individual. The process of choosing which investments go into a portfolio is known as portfolio management or asset allocation, and decisions are based on whether the investment objective is income, growth or a balance of the two and how much risk the investor is prepared to accept.

Based on the above the portfolio manager decides how to allocate funds between different classes of investment (bonds, shares), how to diversify between sectors, how much cash to hold and when to make changes in the composition of the portfolio.

Power of Attorney: The document evidencing the authority granted by a person / company to an individual to act on his / its behalf to perform all or any specified acts which the said person / company is legally permitted to perform.

**Preference shares:** The part of equity capital of a company which gives the share holders of such part of preference to the receipt of dividends and / or the right of final disbursement of residual funds in case of winding up of the company is called preference capital and the shares issued to such share holders are called preference shares.

**PRF:** Pledge Request Form

**PSN:** means Pledge Sequence Number, a system generated number when a pledge request is set up.

**Registered Owner:** means a depository whose name is entered as such in the register of the issuer for securities in electronic form.
Registrar and Transfer Agent (RTA): means a registrar to an issue of any securities and/or a transfer agent in respect of any securities appointed by the Issuer on its behalf who has been granted the certificate of registration by the Securities and Exchange Board of India under Sub-Section (1) of Section 12 of the Securities and Exchange Board of India Act, 1992.

Rematerialisation or Remat: It is the process by which a BO can get his electronic holdings converted into physical certificates.

RRF: Rematerialisation Request Form.

RRN: A system generated unique number when a remat request is set up.

SEBI: Securities and Exchange Board of India is an independent body formed under the SEBI Act, 1992. The duty of SEBI is to protect the interest of investors in securities and to promote the development of and to regulate the securities market through appropriate measures.

Settlement: It is the process by which investors pay for securities they have bought and receive payment for securities they have sold.

Settlement Day: The day on which purchased securities are due for delivery to the buyer and payment is due to be made to the seller.

Statement of Holding: means a statement giving details of the current balance in a demat account.

Statement of transaction: means a statement giving details of the various transactions done through a demat account.

“T”: Date of Trade

Transferability of Shares: Shares in a company are freely transferable, subject to certain conditions, such that no shareholder is permanently or necessarily wedded to a company. When a member transfers his shares to another person, the transferee steps into the shoes of the transferor and acquires all rights of the transferor in respect of those shares. For dematerialized shares the DP debits and credits the account of the BO with an authorization from such BO.
**Transmission:** Transmission of securities denotes a process by which ownership of securities is transferred to a legal heir or to some other person by operation of law. In case of transmission transfer deed and stamp duty are not required. Transmission of shares generally takes place in case of death of a demat account holder.

**URF:** Unpledge Request Form

**Zero balance:** Also known as nil balance, a situation when a depository account has no securities in it. A BO account may be opened with any DP even with zero balance.
**Instructions to the Applicants (BOs) for account opening:**

1. Signatures can be in English or Hindi or any of the other languages contained in the 8th Schedule of the Constitution of India. Thumb impressions and signatures other than the above mentioned languages must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate / Special Executive Officer under his/her official seal.

2. Signatures should be preferably in black ink.

3. Details of the Names, Address, Telephone Number(s), etc., of the Magistrate / Notary Public / Special Executive Magistrate / Special Executive Officer are to be provided in case of attestation done by them.

4. In case of additional signatures (for accounts other than individuals), separate annexures should be attached to the account opening form.

5. In case of applications containing a Power of Attorney, the relevant Power of Attorney or the self-certified copy thereof, must be lodged along with the application.

6. All correspondence / queries shall be addressed to the first / sole applicant.

7. Strike off whichever option, in the account opening form, is not applicable.
Terms And Conditions-cum-Registration / Modification Form for receiving SMS Alerts from CDSL

[SMS Alerts will be sent by CDSL to BOs for all debits and for all credits as well.]

Definitions:

In these Terms and Conditions the terms shall have following meaning unless indicated otherwise:

1. "Depository" means Central Depository Services (India) Limited a company incorporated in India under the Companies Act 1956 and having its registered office at 17th Floor, P.J. Towers, Dalal Street, Fort, Mumbai 400001 and all its branch offices and includes its successors and assigns.
2. 'DP' means Depository Participant of CDSL. The term covers all types of DPs who are allowed to open demat accounts for investors.
3. 'BO' means an entity that has opened a demat account with the depository. The term covers all types of demat accounts, which can be opened with a depository as specified by the depository from time to time.
4. SMS means "Short Messaging Service".
5. "Alerts" means a customized SMS sent to the BO over the said mobile phone number.
6. "Service Provider" means a cellular service provider(s) with whom the depository has entered / will be entering into an arrangement for providing the SMS alerts to the BO.
7. "Service" means the service of providing SMS alerts to the BO on best effort basis as per these terms and conditions.

Availability:

1. The service will be provided to the BO at his / her request and at the discretion of the depository. The service will be available to those accountholders who have provided their mobile numbers to the depository through their DP. The services may be discontinued for a specific period / indefinite period, with or without issuing any prior notice for the purpose of security reasons or system maintenance or for such other reasons as may be warranted. The depository may also discontinue the service at any time without giving prior notice for any reason whatsoever.
2. The service is currently available to the BOs who are residing in India.
3. The alerts will be provided to the BOs only if they remain within the range of the service provider's service area or within the range forming part of the roaming network of the service provider.
4. In case of joint accounts and non-individual accounts the service will be available, only to one mobile number i.e. to the mobile number as submitted at the time of registration / modification.
5. The BO is responsible for promptly intimating to the depository in the prescribed manner any change in mobile number, or loss of handset, on which the BO wants to receive the alerts from the depository. In case of change in mobile number not intimated to the depository, the SMS alerts will continue to be sent to the last registered mobile phone number. The BO agrees to indemnify the depository for any loss or damage suffered by it on account of SMS alerts sent on such mobile number.

Receiving Alerts:

1. The depository shall send the alerts to the mobile phone number provided by the BO while registering for the service or to any such number replaced and informed by the BO from time to time. Upon such registration / change, the depository shall make every effort to update the change in mobile number within a reasonable period of time. The depository shall not be responsible for any event of delay or loss of message in this regard.
2. The BO acknowledges that the alerts will be received only if the mobile phone is in ‘ON’ and in a mode to receive the SMS. If the mobile phone is in ‘Off’ mode i.e. unable to receive the alerts then the BO may not get / get after delay any alerts sent during such period.
3. The BO also acknowledges that the readability, accuracy and timeliness of providing the service depend on many factors including the infrastructure, connectivity of the service provider. The depository shall not be responsible for any non-delivery, delayed delivery or distortion of the alert in any way whatsoever.
4. The BO further acknowledges that the service provided to him is an additional facility provided for his convenience and is susceptible to error, omission and/ or inaccuracy. In case the BO observes any error in the information provided in the alert, the BO shall inform the depository and/ or the DP immediately in writing and the depository will make best possible efforts to rectify the error as early as possible. The BO shall not hold the depository liable for any loss, damages, etc. that may be incurred/ suffered by the BO on account of opting to avail SMS alerts facility.
5. The BO authorizes the depository to send any message such as promotional, greeting or any other message that the depository may consider appropriate, to the BO. The BO agrees to an ongoing confirmation for use of name, email address and mobile number for marketing offers between CDSL and any other entity.
6. The BO agrees to inform the depository and DP in writing of any unauthorized debit to his BO account/ unauthorized transfer of securities from his BO account, immediately, which may come to his knowledge on receiving SMS alerts. The BO may send an email to CDSL at complaints@cdslindia.com. The BO is advised not to inform the service provider about any such unauthorized debit to/ transfer of securities from his BO account by sending a SMS back to the service provider as there is no reverse communication between the service provider and the depository.

7. The information sent as an alert on the mobile phone number shall be deemed to have been received by the BO and the depository shall not be under any obligation to confirm the authenticity of the person(s) receiving the alert.
8. The depository will make best efforts to provide the service. The BO cannot hold the depository liable for non-availability of the service in any manner whatsoever.
9. If the BO finds that the information such as mobile number etc., has been changed with out proper authorization, the BO should immediately inform the DP in writing.
Fees:
Depository reserves the right to charge such fees from time to time as it deems fit for providing this service to the BO.

Disclaimer:
The depository shall make reasonable efforts to ensure that the BO’s personal information is kept confidential. The depository does not warrant the confidentiality or security of the SMS alerts transmitted through a service provider. Further, the depository makes no warranty or representation of any kind in relation to the system and the network or their function or their performance or for any loss or damage whenever and howsoever suffered or incurred by the BO or by any person resulting from or in connection with availing of SMS alerts facility. The Depository gives no warranty with respect to the quality of the service provided by the service provider. The Depository will not be liable for any unauthorized use or access to the information and/or SMS alert sent on the mobile phone number of the BO or for fraudulent, duplicate or erroneous use/misuse of such information by any third person.

Liability and Indemnity:
The Depository shall not be liable for any breach of confidentiality by the service provider or by any third person due to unauthorized access to the information meant for the BO. In consideration of the depository providing the service, the BO agrees to indemnify and keep safe, harmless and indemnified the depository and its officials from any damages, claims, demands, proceedings, loss, cost, charges and expenses whatsoever which a depository may at any time incur, sustain, suffer or be put to as a consequence of or arising out of interference with or misuse, improper or fraudulent use of the service by the BO.

Amendments:
The depository may amend the terms and conditions at any time with or without giving any prior notice to the BOs. Any such amendments shall be binding on the BOs who are already registered as user of this service.

Governing Law and Jurisdiction:
Providing the Service as outlined above shall be governed by the laws of India and will be subject to the exclusive jurisdiction of the courts in Mumbai.

I/We wish to avail the SMS Alerts facility provided by the depository on my/our mobile number provided in the registration form subject to the terms and conditions mentioned below. I/We consent to CDSL providing to the service provider such information pertaining to account/transactions in my/our account as is necessary for the purposes of generating SMS Alerts by service provider, to be sent to the said mobile number.

I/We have read and understood the terms and conditions mentioned above and agree to abide by them and any amendments thereto made by the depository from time to time. I/we further undertake to pay fee/charges as may be levied by the depository from time to time.

I/we further understand that the SMS alerts would be sent for a maximum four ISINs at a time. If more than four debits take place, the BOs would be required to take up the matter with their DP.

I/We am/are aware that mere acceptance of the registration form does not imply in any way that the request has been accepted by the depository for providing the service.

I/We provide the following information for the purpose of REGISTRATION / MODIFICATION (Please cancel out what is not applicable).

BoID

(Please write your 8 digit DPID) (Please write your 8 digit Client ID)

Sole / First Holder’s Name : ____________________________________________________________

Second Holder’s Name : _______________________________________________________________

Third Holder’s Name : _______________________________________________________________

Mobile Number on which messages are to be sent

+91 __________________________________________

(Please write only the mobile number without prefixing country code or zero)

The mobile number is registered in the name of: __________________________________________

Email ID: ________________________________________________________________

(Please write only ONE valid email ID on which communication; if any, is to be sent)

Signatures

Sole / First Holder

Second holder

Third Holder

Place: ____________________________ Date: ____________________________
# Account Details Addition / Modification / Deletion Request Form

## Depository Participant Name / Address

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Please fill all the details in Block Letters in English

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<th>DP ID</th>
<th>Client ID</th>
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### Account Holder's Details

- Name of First / Sole Holder
- Name of Second Holder
- Name of Third Holder

I/We request you to make the following additions / modifications / deletions to my/our account in your records.

<table>
<thead>
<tr>
<th>DETAILS (Please specify change of address, bank details, telephone number etc.)</th>
<th>Addition / Modification / Deletion (Please specify)</th>
<th>Existing Details</th>
<th>New Details</th>
</tr>
</thead>
</table>

Attach an Annexure (with signature(s)) if the space above is found insufficient.

<table>
<thead>
<tr>
<th>First / Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

==================================(Please Tear Here)==================================

### Acknowledgement Receipt

Received Account Details Addition / Modification / Deletions request as per details given below:

<table>
<thead>
<tr>
<th>Application No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>DP ID</td>
<td>Client ID</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name of the Sole / First Holder

Name of Second joint Holder

Name of Third joint Holder

Modification requested for: [Specify reason]

Depository Participant Seal and Signature
Nomination Form

To,
The Depository Participant Name
Address

Dear Sir/ Madam,

I/We the sole holder / Joint holders / Guardian (in case of minor) hereby declare that:

☐ I/We do not wish to nominate any one for this demat account
   [Strike out what is not applicable.] [Signatures of all account holders should be obtained on this form].

☐ I/We nominate the following person who is entitled to receive security balances lying in my/our account, particulars whereof are given below, in the event of the death of the Sole holder or the death of all the Joint Holders.

<table>
<thead>
<tr>
<th>BO Account Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>DP ID</td>
</tr>
<tr>
<td>Name of the Sole / First Holder</td>
</tr>
<tr>
<td>Name of Second Holder</td>
</tr>
<tr>
<td>Name of Third Holder</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nominee details</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Name</td>
</tr>
<tr>
<td>Middle Name</td>
</tr>
<tr>
<td>Last Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>Country</td>
</tr>
<tr>
<td>Telephone No.</td>
</tr>
<tr>
<td>E-mail ID</td>
</tr>
<tr>
<td>Relationship with BO (If any)</td>
</tr>
<tr>
<td>Date of birth (If nominee is a minor)</td>
</tr>
</tbody>
</table>

As the nominee is a minor as on date, I/We appoint following person to act as Guardian:

| First name |
| Middle name |
| Last name |
| Address |
| City | State |
| Country | PIN |
| Age |


to receive the securities in this account on behalf of the nominee in the event of the death of the Sole holder / all Joint holders.

This nomination is in accordance with the section 109 A of the Companies Act, 1956, and shall supersede any prior nomination made by me / us and also any testamentary document executed by me / us.
Place: ___________________________ Date: ____________________

<table>
<thead>
<tr>
<th>First/ Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Two witnesses shall attest signature(s) / Thumb impression(s).

<table>
<thead>
<tr>
<th>Details of the Witness</th>
<th>First Witness</th>
<th>Second Witness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Names of Witness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address of witness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature of Witness</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(To be filled by DP)
Nomination Form accepted and registered wide Registration No. _______________ dated ______________.

For Depository Participant
(Authorised Signatory)

Acknowledgement Receipt

Received nomination form from:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
</tr>
</tbody>
</table>

Nomination in favor of:

No Nomination [ ] Does not wish to nominate

Registration No. Registered on ________________

Depository Participant Seal and Signature
## Dematerialisation Request Form

- Normal Dematerialization
- Transmission-cum-Dematerialization
- Transposition-cum-Dematerialization

### Depository Participant Name / Address

(To be filled up by the Depository Participant)

<table>
<thead>
<tr>
<th>DRN</th>
<th>Date</th>
<th>DRF No.</th>
<th>Date</th>
</tr>
</thead>
</table>

(To be filled by the BO. Please fill all the details in BLOCK LETTERS in English. Fill up a separate DRF for Free securities and Locked - in securities. In case of locked - in securities fill up a separate DRF for different lock-in reason / lock-in expiry dates.)

I / We request you to dematerialise the enclosed security certificate(s) registered in my / our name into my / our demat account.

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name of First Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Second Holder</td>
</tr>
<tr>
<td>Name of Third Holder</td>
</tr>
<tr>
<td>Name of the Company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ISIN</th>
<th>I</th>
<th>N</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantity to be Dematerialized</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Figures)</td>
</tr>
<tr>
<td>(In Words)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nature of Securities</th>
<th>Free Securities</th>
<th>Lock-in Securities</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lock-in reason</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lock-in Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
</tr>
</tbody>
</table>

### Details of Securities:

<table>
<thead>
<tr>
<th>Type of Security</th>
<th>Equity</th>
<th>Debentures</th>
<th>Bonds</th>
<th>Units</th>
<th>Other (Specify)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Face Value of Securities</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Folio No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Certificate Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distinctive Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantity</th>
</tr>
</thead>
</table>

Attach an annexure (duly signed by account holder(s)) in the above format if the space is not sufficient.

The original certificates / documents are hereby surrendered by me / us for dematerialisation and the same are free from any lien or charge or encumbrance and represent the bonafide securities of the Issuer Company to the best of my / our knowledge and belief.

<table>
<thead>
<tr>
<th>First / Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature with DP</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature with RTA</th>
</tr>
</thead>
</table>

### Participant Authorization (From DP to RTA)

We have received the above-mentioned securities bearing ISIN__________________ for Dematerialisation. The Application form is verified with the Certificates / Documents surrendered for dematerialisation and we certify that the application form is in accordance with the details mentioned in the enclosed certificates / documents. It is also certified that the Holder(s) of securities have a beneficiary account with us in the same name(s) and order of name(s).
## Depository Participant Seal and Signature

---

### Acknowledgement Receipt

<table>
<thead>
<tr>
<th>DRF No.</th>
<th>Date D D M M Y Y Y</th>
<th>Client ID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DP ID</th>
<th>First / Sole Holder Name</th>
<th>Second Joint Holder Name</th>
<th>Third Joint Holder Name</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Type of Security</th>
<th>ISIN</th>
<th>No. of Securities (in figures)</th>
<th>No. of Securities (in words)</th>
<th>No. of Certificates (in figures)</th>
<th>No. of Certificates (in words)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☑ Equity ☐ Debentures ☐ Bonds ☐ Units ☐ Other (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We hereby acknowledge the receipt of certificates / documents, in respect of the above securities for dematerialization subject to verification.

## Instructions:

1. In case of transmission-cum-demat, a notarized copy of death certificate of the deceased holder, copy of the Order of the Court, etc. to be attached with DRF.

2. In case of transposition-cum-demat, a duly executed Transposition Request Form to be attached with the DRF.
## APPLICATION FORM FOR TRANSPOSITION [TPRF]

[TO BE ATTACHED WITH DRF]

<table>
<thead>
<tr>
<th>Depository Participant Name / Address</th>
</tr>
</thead>
</table>

TPRF No. [ ] Date [ ] [ ] [ ] [ ] [ ] [ ] [ ]

Please transpose the names of the holders of securities as identified in the accompanying demat request form and thereafter credit the same in the demat account as detailed below:

<table>
<thead>
<tr>
<th>DRF No.</th>
<th>Date [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the Company</td>
<td></td>
</tr>
<tr>
<td>ISIN</td>
<td>I [ ] N</td>
</tr>
<tr>
<td>DP ID</td>
<td>Client ID</td>
</tr>
</tbody>
</table>

Name of the holders (As it appears in the Demat Account)

First / Sole Holder Name
Second Holder Name
Third Holder Name

Name of the Holders (As it appears on the Certificates):

<table>
<thead>
<tr>
<th>Folio Nos.</th>
<th>Name(s) of the Holder(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. No. 1</td>
<td>1.</td>
</tr>
<tr>
<td>Sr. No. 2</td>
<td>2.</td>
</tr>
<tr>
<td>Sr. No. 3</td>
<td>3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Folio Nos.</th>
<th>Name(s) of the Holder(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. No. 1</td>
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<tr>
<td>Sr. No. 2</td>
<td>2.</td>
</tr>
<tr>
<td>Sr. No. 3</td>
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</tbody>
</table>

<table>
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<th>Name(s) of the Holder(s)</th>
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</thead>
<tbody>
<tr>
<td>Sr. No. 1</td>
<td>1.</td>
</tr>
<tr>
<td>Sr. No. 2</td>
<td>2.</td>
</tr>
<tr>
<td>Sr. No. 3</td>
<td>3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First / Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name (as per demat a/c)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature with DP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature with RTA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We state that the above details are true to the best of our knowledge

### Depository Participant Seal and Signature

Note: 1. Separate Transposition form should be filled by the joint holders for securities having distinct ISIN.
2. Please write each combination of names in separate boxes.
3. Use separate transposition form if there are more than three combinations of names.
DEED OF INDEMNITY (For loss of shares in transit)

The DEED OF INDEMNITY is made at ______________ this _____ day of ______________ between ________________________________, registered as a Depository Participant with the Central Depository Services (India) Limited [CDSL] (hereinafter referred to as “the Depository Participant”) and its successors of the ONE PART and ____________________________________________________________ (name of the institution) hereinafter referred to as “the Issuer/RTA” (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors) of the OTHER PART.

WHEREAS,
1. The BO ________________________________ (holding account no. __________________________) has lodged ________ securities of the Issuer vide Folio no.______________ bearing distinctive no. ______________ to _____________ vide certificate no. for dematerialisation on ________________.
2. The DP has generated DRN ____________ in respect of the above mentioned securities submitted by the BO.
3. The Depository Participant has forwarded the same to the Issuer/RTA along with the duly cancelled certificates on _____________ vide courier/Registered Post/Speed Post bearing courier consignment no./Registered A D no./ Speed Post Receipt no. _____________ .
4. The Issuer/RTA has stated that he is not in receipt of the said Certificates/documents in lieu of certificates/documents conveying ownership of securities till date.
5. The Issuer/RTA has/have rejected the demat request on ____________ as the said certificates has/have not been received till date and it is construed that the documents has/have been lost in transit.
6. The DP hereby declares that the said certificates received from the BO was/were duly cancelled and forwarded to you for dematerialisation and undertake that in case the DP comes across the original certificates they shall surrender the same to the Issuer/RTA.
7. The DP has/have now raised a fresh demat request for the said certificates, which were lost in transit, vide DRN __________ dated __________ which were forwarded to the Issuer/RTA vide courier/Registered Post/Speed Post bearing courier consignment no./Registered Post/Speed Post Receipt no. ____________ as per the guidelines provided by Securities and Exchange Board of India mentioned against serial no.4 vide its Circular no. SMRDP/Policy/Cir-28/99 dated 23.08.1999.

NOW THIS DEED WITNESSETH in consideration of the Issuer/RTA having agreed to dematerialize the said securities on the strength of the representation hereinabove made by the Depository Participant, the Depository Participant agrees to indemnify and keep indemnified the Issuer/RTA against claims and demands that may be made of or against the Issuer/RTA for all losses or damages and all action, suit, litigations or proceedings (including all costs, charges, expenses relating thereto) that the Issuer/RTA may incur or suffer on account of any person in whose hands the said securities may have fallen (including any subsequent transferee or transferees from such person whether for valuable consideration or not) acquiring any right and/or any interest and/or any benefit and/or equivalent number of securities whether on transfer or dematerialisation or rematerialisation or otherwise howsoever.

IN WITNESS WHERE the Depository Participant has put his hands and seal the day, month and year first hereinabove mentioned.

SIGNED AND DELIVERED by

{  

The within named Depository Participant

}

In the presence of:

{  

______________________________
**TRANSMISSION-CUM-DEMATERIALIZATION FORM**

*(In case of death of one / more of the joint holders)*

<table>
<thead>
<tr>
<th>Application No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

(Please fill all the details in **Block Letters** in **English**)

To,

**Depository Participant Name**

**Address**

Dear Sir / Madam,

I/We, the surviving joint holder(s) request you to dematerialize the enclosed securities in our account as per details given below. The securities were held by me/us jointly with Mr./Mrs./Ms._________________________, who has expired.

The **Original Death Certificate** / a copy of the death certificate, duly notarized or attested under seal by a **Gazetted Officer** (strike out what is not applicable), is attached herewith, along with a duly-filled and signed DRF and physical share certificates listed below.

I/We request you to advise the Issuer/RTA to process the demat request and credit the securities to the demat account mentioned below:

**DEMAT ACCOUNT NUMBER** of surviving BOs:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
<th>DRF No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Security</th>
<th>ISIN</th>
<th>Quantity to be transmitted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If there are more ISINs to be dematerialized, attach an Annexure, duly signed by the account holders.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name(s) of the surviving holder(s)

Signature(s) of the surviving holder(s)
We hereby acknowledge receipt of the following instructions for transmission-cum-dematerialization, as per the details given in the Transmission Form and DRF, from:

### Demat Account number of the surviving BO(s):

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
<th>DRF Number</th>
<th>Date D D M M Y Y Y Y</th>
</tr>
</thead>
</table>

### Surviving Holder(s) Name(s) – (strike out what is not applicable):

<table>
<thead>
<tr>
<th>First/Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
</table>

Documents Submitted

Documents subject to verification.

**Depository Participants Seal & Signature**
Instruction Form for Purchase Waiver

Date D D M M Y Y Y Y

DP ID | | | | | Client ID | | | | | | | | | First Holder Name |

To,

 Depository Participant Name

 Address

Dear Sir / Madam,

I/We hereby authorize you to accept all credits in my / our Beneficial Owner/s account number given above. The instruction will be irrevocable until and unless otherwise informed to you.

Thanking you,

Yours faithfully,

First/Sole Holder

Second Holder

Third Holder

Name

Signature

=====================================================================(Please Tear here)=====================================================================

Acknowledgement Receipt

Received Waiver for Purchase Transactions instruction from:

DP ID | | | | | Client ID | | | | | | | | | Name of the Sole / First Holder |

Name of Second joint Holder

Name of Third joint Holder

Depository Participant Seal and Signature
I / We request you to debit / credit my / our account as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>ISIN</th>
<th>Security Name</th>
<th>QUANTITY</th>
<th>Instruction Reference No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Instructions Issued (In words only) →

If transfers from BO (Investor) account to another BO (Investor) account and NOT RELATED to Stock Exchange Transactions: -

- Please mention consideration amount in Rs. ______________________________ OR
- Please specify reason (as given below):
  - Gift: Transfer between two accounts of same holder
  - Transfer between family members: Others (explain):-

:: Fill the relevant columns ::

<table>
<thead>
<tr>
<th>Instruction Type</th>
<th>Account Transfer - With in CDSL (Transaction)</th>
<th>Account Transfer - Outside CDSL (Inter Depository)</th>
<th>Market Trades (Settlements)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Details</td>
<td>BO-BO</td>
<td>BO-CM, CM-BO, CM-CM</td>
<td>BO-BO</td>
</tr>
<tr>
<td>Exchange Name</td>
<td>OPTIONAL</td>
<td>OPTIONAL</td>
<td>OPTIONAL</td>
</tr>
<tr>
<td>Settlement / Market Type</td>
<td>OPTIONAL</td>
<td>OPTIONAL</td>
<td>OPTIONAL</td>
</tr>
<tr>
<td>Settlement Number</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Counter DP ID / CM BP ID</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Counter Client ID</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Counter BO / CM Name</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
</tbody>
</table>

:: Blank & Signed Delivery Instruction Slips should not be left with your DP/ Broker ::

<table>
<thead>
<tr>
<th>Signature of First / Sole Holder</th>
<th>Signature of Second Holder</th>
<th>Signature of Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Ref. No.</td>
<td>Signature Verified By</td>
<td>Transaction Entered By</td>
</tr>
</tbody>
</table>

# - Pre-printed, $ - Pre-printed / Pre-stamped
DP Name Address
DP ID and DP SEBI Reg. No.
Instruction Slip for Delivery / Receipt
(To be filled in duplicate)
□ Delivery    □ Receipt

Annexure 6.3a
Serial no: # ______  

---

I / We request you to debit / credit my / our account as under: -

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>ISIN</th>
<th>Security Name</th>
<th>QUANTITY</th>
<th>Instruction Reference No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Date: -

If transfers from BO (Investor) account to another BO (Investor) account and NOT RELATED to Stock Exchange Transactions: -

-: Fill the relevant columns -:

<table>
<thead>
<tr>
<th>Instruction Type</th>
<th>Account Transfer - With in CDSL (Transaction)</th>
<th>Account Transfer - Outside CDSL (Inter Depository)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Details</td>
<td>BO-BO</td>
<td>BO-CM, CM-BO, CM-CM</td>
</tr>
<tr>
<td>Exchange Name</td>
<td>OPTIONAL</td>
<td>OPTIONAL</td>
</tr>
<tr>
<td>Settlement / Market Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settlement Number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter DP ID / CM BP ID</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter Client ID</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter BO / CM Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter Settlement Details</td>
<td>CM-CM</td>
<td>CM-CM</td>
</tr>
<tr>
<td>Exchange Name</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Settlement / Market Type</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Settlement Number</td>
<td>NOT APPLICABLE</td>
<td>NOT APPLICABLE</td>
</tr>
</tbody>
</table>

-: Blank & Signed Delivery Instruction Slips should not be left with your DP/ Broker -:

Signature of First / Sole Holder
Signature of Second Holder
Signature of Third Holder

#: For DPs office use only -:

Internal Ref. No.
Signature Verified By
Transaction Entered By

# - Pre-printed, $ - Pre-printed / Pre-stamped
Letter to modify / delete instruction slip

To,
The Depository Participant Name

Address

Date D D M M Y Y Y Y

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>First Holder Name</td>
<td></td>
</tr>
</tbody>
</table>

I/We request you to modify / delete the on-market (BO confirmation) / auto pay-in instruction. The details are as given below –

<table>
<thead>
<tr>
<th>Settlement ID</th>
<th>CM ID</th>
<th>ISIN</th>
<th>Security Name</th>
<th>Qty (in figures)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First/Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

================================(Please Tear here) ==============================

Acknowledgement Receipt

Received Instruction to modify / delete the on-market (BO confirmation) / auto pay-in instruction:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Sole / First Holder</td>
<td></td>
</tr>
<tr>
<td>Name of Second joint Holder</td>
<td></td>
</tr>
<tr>
<td>Name of Third joint Holder</td>
<td></td>
</tr>
</tbody>
</table>

Depository Participant Seal and Signature
There will be occasions when you have grievances against a listed company/intermediary registered with SEBI. **In the event of such grievance you should first approach the concerned company/intermediary against whom you have a grievance.** However, you may not be satisfied with their response.

Therefore, you should know whom you should turn to get your grievance redressed. SEBI takes up grievances related to issue and transfer of securities and non-payment of dividend with listed Companies. In addition, SEBI also takes up grievances against the various intermediaries registered with it and related issues. Given below are types of grievances for which you could approach SEBI.

### Nature of grievance - Regarding

<table>
<thead>
<tr>
<th>Type-I: Refund order/ Allotment Advice</th>
<th>Type-II: Non-receipt of dividend.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type-III: Non-receipt of share certificates after transfer</td>
<td>Type-IV: Debentures</td>
</tr>
<tr>
<td>Type-V: Non-receipt of letter of offer for rights</td>
<td>Type VI: Collective Investment Schemes</td>
</tr>
<tr>
<td>Type VII: Mutual Funds/ Venture Capital Funds/ Foreign Venture Capital Investors/ Foreign Institutional Investors/ Portfolio Managers, Custodians</td>
<td>Type VIII: Brokers/Debenture Trustees /Depository Participants/ Merchant Bankers /Registrars and Transfer Agents / Bankers to Issue/ Underwriters/ Credit Rating Agencies/ Securities lending Intermediaries</td>
</tr>
<tr>
<td>Type IX: Exchanges/ Clearing and Settlement Organizations/ Depositories</td>
<td>Type X: Derivative Trading</td>
</tr>
<tr>
<td>Type XI: Buyback /Delisting /Substantial Acquisition /Takeovers /Corporate Governance /Corporate Restructuring /Compliance with Listing Conditions</td>
<td></td>
</tr>
</tbody>
</table>

For faster action send Type I to Type XI complaints, to the OIAE Division of SEBI at Mumbai or Regional Offices at the following addresses:

### Address of SEBI Offices

**SEBI, Head Office**, Plot No. C4-A, “G” Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 . 022-26449000, 40459000  
( [sebi@sebi.gov.in](mailto:sebi@sebi.gov.in) )

**SEBI, OIAE**, (Office of Investor Assistance and Education) . 022-26449188 / 26449199 / 40459188 / 40459199  
( [oiae-assistance@sebi.gov.in](mailto:oiae-assistance@sebi.gov.in) )

**SEBI, Northern Regional Office**, The Regional Manager, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi – 110 001, 011-23724001-05 Fax: 011-23724006  
( [sebinro@sebi.gov.in](mailto:sebinro@sebi.gov.in) )

**SEBI, Eastern Regional Office**, The Regional Manager, L&T Chambers, 3rd Floor , 16, Camac Street, Kolkata - 700 017, 033- 23023000 Fax: 033-22874307  
( [sebiero@sebi.gov.in](mailto:sebiero@sebi.gov.in) )
The following types of grievances should be taken up with:

<table>
<thead>
<tr>
<th>With the Stock Exchange: At the Investor Information Centre of all the recognised Stock Exchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Related to securities traded/listed with the exchanges</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>With the Department Of Company Affairs (DCA/ concerned Registrar of Companies (ROC))</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Against unlisted companies</td>
</tr>
<tr>
<td>• For non-receipt of annual report, AGM Notice</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>With the Reserve Bank of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fixed deposits in Banks</td>
</tr>
</tbody>
</table>

For more information visit our website - http:\\investor.sebi.gov.in
Undertaking-cum-Indemnity
in respect of facsimile instruction for operation of Depository Account

To
The Depository Participant

Sr no. | BO IDs | Names of holder(s)
---|---|---
1 | First Holder | 
| Second Holder | 
| Third Holder | 
2 | First Holder | 
| Second Holder | 
| Third Holder | 
3 | First Holder | 
| Second Holder | 
| Third Holder | 

I/We
1) _______________ residing at __________________________ 
   ____________________________________________________________________
2) _______________ residing at __________________________ and,
   ____________________________________________________________________
3) _______________ residing at __________________________
   ____________________________________________________________________

execute this UNDERTAKING-CUM-INDEMNITY in favour of ________________________________
   ___________________________________________________________________________ (a company incorporated and registered under the
   Companies Act, 1956) and having its Registered Office at ________________________________
   ___________________________________________________________________________ Mumbai - _______
hereinafter called “the DP” (which expression shall unless it be repugnant to the context or
meaning thereof mean and include its successors in title) as follows:

WHEREAS I/We maintain a Beneficial Owner Account(s) (“the said Account”) mentioned above,
with the DP at its _____________ Main / Branch office, located at ____________________________
________________________________________________________________________, Mumbai. As per the instructions for operation of
the said Accounts, the same is allowed to be operated by us or the persons authorized, in that
behalf (hereinafter referred to as “Authorized Person/s”).
AND WHEREAS in the day-to-day business, I am / we are required to give urgent instructions to the DP for operation of the said Account:

WHEREAS the DP has agreed to accept, the original instruction slip, a fax submission thereof signed by the authorised persons to operate the said account under their signatures, subject to the indemnity herein offered by me/us to the DP on the terms and conditions herein mentioned.

NOW IN CONSIDERATION OF THE ABOVE, I/We hereby irrevocably agree, confirm and undertake to the DP as follows:

1. I/We shall transmit the Fax instructions only to the fax number informed/provided to us by the DP.

2. The Fax Submission shall be signed by the Authorised Person/s mentioned in the List of Authorised signatories submitted by me/us in the account opening form on behalf of me/us and their signatures shall be in the same manner and way as has been informed to the DP by me/us and the DP is hereby requested and authorised, (but is not obliged to) rely upon and act, in accordance with such Fax Submission which is signed or bonafide believed by the DP to have been signed, by the Authorised Person/s.

3. The DP is requested by me/us and shall be entitled to treat any Fax Submission as fully and duly authorised by and binding upon me/us and further be entitled (but not bound) to take any steps relying upon the same, believing the Fax Submission, in good faith as appropriate, regardless, of the amount of money involved and notwithstanding any error in transmission or reception of such Fax Submission or any misunderstanding or ambiguity or lack of clarity in the terms of such Fax Submission.

4. I/We shall upon making any Telefax Submission hereunder, deliver to the DP without any delay within two working days, the original hard copy of the Fax Submission (the Hardcopy) signed by the Authorised Person/s as aforesaid. Each Hardcopy shall bear the following words on the top of the instruction slip -
   “This is a Hardcopy of Fax Submission to you, transmitted on _____ (day) of _____________ (month), __________ (year)."
5. The DP may, but shall not be obliged to, await receipt of the Hard copy prior to taking any action in connection with the Fax Submission and shall not be obliged to follow-up with me/us for the originals. Further the storage of a photocopy of the fax transmission sent by me/us shall be the conclusive evidence of instruction to the DP for having acted on such instructions and I/We hereby agree and acknowledge the same”.

6. I / We hereby agree that in case the DP does not receive the hard copy of the instruction within 2 working days, the DP may discontinue the said facility. In such cases the DP will do so with immediate effect after informing me orally / in writing / by fax. I / We undertake that I / we shall not hold the DP liable for any loss to me / us in case the DP does not act on fax instruction received by the DP in such a case.

7. The DP shall not be required to confirm (whether orally, in writing or otherwise) any fax submission or (verify the identity of the Authorised Person/s or his/her/their signature/s making or giving the fax submission or purporting to do so.

8. The DP shall be under no duty to set and/or adopt any procedure for the purpose of such confirmation or verification and if at all there is any, the DP shall not be obliged to strictly adopt or comply with the same in any or every instance.

9. The DP shall not be liable for any losses or damages which I/we may suffer as a consequence of the DP acting in accordance with or in reliance upon, any Fax Submission or otherwise pursuant to the authority conferred herein, upon the DP.

10. I/We shall indemnify the DP and CDSL and keep them indemnified and save harmless, at all times against any and all claims, losses, damages, costs liabilities and expenses incurred, suffered or paid or incurred by the DP or required to be incurred, suffered or paid by the DP and also against all demands, actions, suit proceedings made, filed / instituted against the DP, in connection with or arising out of or in relation to or as a consequence of:

i. The DP acting pursuant to, in accordance with or relying upon, any Fax Submission or otherwise pursuant to the request and authority conferred herein; and/or;

ii. The DP acting pursuant to in accordance with or relying upon any Fax Submission received by the DP which it believes in good faith to be such a Fax Submission; and / or;
iii. Any unauthorized or fraudulent Fax Submission to the DP. PROVIDED that this indemnity shall not be available to the DP, if the liabilities for which the DP seeks indemnification hereunder, arises directly and completely from its own negligence or willful default.

iv. The DP not having acted on the fax submission due to non-receipt of the transmission or receipt of incomplete or partly / fully unreadable transmission.

v. The DP not having acted on any fax submission sent by me / us on a number other than the number mentioned by the DP for the purpose of fax transmission.

11. The DP shall not be under any obligation at any time to maintain any facility for the receipt of any Fax Submission or to ensure the continued operations or availability of any such facsimile facilities or equipment, and I/we shall not hold the DP liable for any loss consequent to non-availability of the said fax facility.

12. I/We acknowledge and confirm that I am/we are aware that by the very nature of telecommunications services, the Fax transmissions may not be received properly and may be clearly legible. I / We agree to assume and bear all the risks involved in respect of such errors and misunderstanding and the DP shall not be responsible in any manner for the same or breach of confidentially thereto and shall also not be liable for any claims, loss, damage, cost or expense and liability arising therefrom.

13. This indemnity is without prejudice to the DP’s other rights, privileges, powers and remedies in law and the DP may delay enforcing its rights without at any time losing them and any waiver of a right by the DP hereunder or available to it by law, shall not be deemed to be a waiver of any other rights or of the same right at another time.

14. The DP may stop/terminate this facility given to me / us by giving seven day prior written notice to me/us. However, any such termination shall not affect anything done or any rights or liabilities accrued or incurred prior to the termination and all the above indemnities given by me/us to the DP hereunder shall survive any such termination. However, in case of termination as mentioned in point 6 above, no such notice need to be given by the DP.

The Provisions relating to arbitration contained in the agreement executed by us in favour of the DP shall be applicable to any dispute or difference that may arise in respect of such fax transmission including all disputes with regard to the receipt of the fax Transmission by the DP.
I/We specifically agree and confirm that regardless of the place from which the fax transmission in question may have been transmitted to the DP any matter or issue arising hereunder shall be governed by and construed exclusively in accordance with the Indian laws and shall be subject to the exclusive jurisdiction of the Courts of Mumbai (India) alone.

Dated at ________________ this ___________ day of __________________ , ____________

Given by:

<p>| | | | |</p>
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<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>Signature</td>
<td>Name</td>
<td>Witnessed</td>
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<tr>
<td>2</td>
<td>Signature</td>
<td>Name</td>
<td>Witnessed</td>
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<tr>
<td>3</td>
<td>Signature</td>
<td>Name</td>
<td>Witnessed</td>
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</tr>
</tbody>
</table>
TRANSMISSION REQUEST FORM
(In case of death of the sole holder)

To,
Depository Participant Name
Address

Dear Sir / Madam,

PART - I : (where nomination is recorded)

I, Nominee / Successor / Guardian of the successor or nominee (in case of Minor) request you to transmit the following securities due to the death of the sole account holder. Original Death Certificate / copy of Death Certificate (duly notarized / attested under seal by a Gazetted Officer) is attached herewith.

Name of the deceased BO:
Account Number of the deceased BO:

Kindly transmit all securities in the deceased BO’s account mentioned above to the BO account mentioned below.

Successor BO Account Number

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the Security</th>
<th>ISIN</th>
<th>Quantity of securities to be transmitted</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Attach an annexure duly signed by the Nominee / Successor / Guardian of the successor or nominee (in case of Minor), if the space above is insufficient.

(Nominees / Successor / Guardian of successor or nominee (in case of Minor))

<table>
<thead>
<tr>
<th>Name</th>
<th>First / Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
</table>

PART - II : (where nomination is not recorded)

No Objection Statement from other heirs/ successors who are non-applicants

1. I/We, the undersigned, residing at___________________, am/are legal heir(s) of the said deceased.

2. I/We 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 ____.

3. In consideration of registration of the aforesaid securities in the client account of Mrs. / Mrs. ___________ under DP ID __________ Client ID __________ at my request, I/We hereby renounce all my/our rights existing as well as those that may accrue to me/us 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:
Name : __________________________________
Address : ________________________________

Note for all legal heirs/ successors who are applicants / non-applicants: Only one Transmission Request Form is to be submitted by claimants/non-claimants to the DP of the deceased BO for the transmission of securities wherein the intentions of the legal heirs/successors are collectively stipulated.

====================================(Please tear here)====================================

Application No.                              Date: -

We hereby acknowledge receipt of the instructions for transmission of securities from the deceased BO’s account to the account of the Nominee / Successor / Guardian of the successor or nominee (in case of Minor), as per details given on the transmission form.

Account number of the deceased BO

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Successor BO Name(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First/ Sole Holder</td>
</tr>
<tr>
<td>----------------------</td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

Documents Submitted

Subject to verification.

Depository Participants Seal & Signature
TRANSMISSION REQUEST FORM
(In case of death of one / more of the joint holders)

Application No. | Date | D D M M Y Y Y Y
(Please fill all the details in **Block Letters** in English)

To,
**Depository Participant Name**
**Address**

Dear Sir / Madam,

I / We, the joint holder(s) / Successors request you to transmit the securities balance from:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

To

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

Due to the death of  

<table>
<thead>
<tr>
<th>Name(s) of the surviving holder(s)</th>
<th>Signature(s) of the surviving holder(s)</th>
</tr>
</thead>
</table>

Original Death Certificate / copy of Death Certificate (duly notarized / attested under seal by a Gazetted Officer) is attached herewith.

__________________________
First / Sole Holder

__________________________
Second Holder

**Please tear here**

**Acknowledgement Receipt**  
Application No. | Date: -

We hereby acknowledge the receipt of the following instructions for transmission from:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

To

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Surviving Holder(s) Name(s)</th>
<th>First/ Sole Holder</th>
<th>Second Holder</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Documents Submitted

Subject to verification.

**Depository Participants Seal & Signature**
Affidavit

I, __________________________________________________________________ son/daughter/spouse of
____________________________________________________________________________ residing at ____________________________________________________________________ do hereby solemnly
affirm an oath and state as under: -

1. 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:

<table>
<thead>
<tr>
<th>ISIN</th>
<th>Name of Company</th>
<th>No. of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

2. That the deceased had died intestate on _____________ at __________________.

3. That the following are the only legal heir(s) of late Mr. / Mrs. ____________________.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Age</th>
<th>Relationship with the deceased</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>2</td>
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<td></td>
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<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. That out of aforesaid legal heirs Master / Kumari ______________________ 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/CDSL holding the Participant / CDSL 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 is 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 _______.

CDSL – DP Operating Instructions – June 2010
Full Name and Address of Magistrate / Notary

Signed in the presence of
Name : __________________________________________
Address : _______________________________________
______________________________
City ________ Pin _______________

Registration No : __________________________________

_______________________________
(Signature of Magistrate / Notary)

Use space below to affix:

<table>
<thead>
<tr>
<th>Notarial / Court Fee Stamps</th>
<th>Official Seal of Magistrate/ Notary</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
</tr>
</tbody>
</table>

Notes: 1. This affidavit is to be executed in the presence of a first class or stipendiary Magistrate / Public notary / Judicial.

2. Each deponent should sign this affidavit separately.
PLEDGE REQUEST FORM (PRF)

 Depository Participant Name / Address
Please fill all the details in Block Letters in English

PRF No. __________________________ Date __________________ D D M M Y Y Y Y

I/We request you to Pledge the following securities held in my/ our name in our demat account with you. I/We have read and understood the Depositories Act, SEBI Regulations, Bye Laws and the Pledge Agreement in relation to pledge of securities and I/We agree to abide by and be bound by the Act, Regulations, Bye Laws and the Pledge Agreement as are in force from time to time for such pledges.

Pledgor’s Details

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pledgor’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
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</tbody>
</table>

Pledgee’s Details

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pledgee’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
</tbody>
</table>

Details of Securities:  ■ Free Securities  ■ Locked-in Securities

Details of Securities offered for Pledge.

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>ISIN</th>
<th>Company Name</th>
<th>Quantity</th>
<th>PSN (System Generated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attach an annexure duly signed by the account holder(s), if the space above is insufficient.

<table>
<thead>
<tr>
<th>Pledge Expiry Date</th>
<th>D D M M Y Y Y Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledge Value (Rs.)</td>
<td></td>
</tr>
<tr>
<td>Agreement No.</td>
<td></td>
</tr>
<tr>
<td>Date of Pledging</td>
<td>D D M M Y Y Y Y</td>
</tr>
</tbody>
</table>

I / we declare that the particulars given by me/ us above are true to the best of my/ our knowledge.

Signature of the Pledgor

<table>
<thead>
<tr>
<th>First/ Sole Applicant</th>
<th>Second Applicant</th>
<th>Third Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I/ we confirm that the details of the Beneficial Owners stated above are true and correct. Also, the balance of ISINs offered for pledge is unencumbered and is a free balance.

Depository Participant Seal and Signature
I/ We agree to accept the above securities for pledge and a pledge be created in my / our favor. This pledge is subject to the Act, Regulation, Bye Laws as are in force from time to time and also to the pledge agreement entered into with the pledgor(s) mentioned above.

<table>
<thead>
<tr>
<th>Pledge Sequence Number</th>
<th>Accepted</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tick whichever is applicable.

I/We are aware that the pledge recorded in the system only prohibits the Pledgor from dealing with securities until redemption/maturity/expiry date of the securities pledged and that the records of pledged securities may be removed from the system as a result of redemption/maturity/expiry of the securities.

**Signature of Pledgee(s) * **

<table>
<thead>
<tr>
<th>First Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* If the Pledgee is a bank DP, the signature of the pledgee need not be taken on the Pledge request form.
# Unpledge Request Form (URF)

Unpledge by Pledgor  Unpledge by pledgee

<table>
<thead>
<tr>
<th>Depository Participant Name /Address/ DP ID</th>
<th>Please fill all the details in <strong>Block Letters</strong> in English</th>
</tr>
</thead>
<tbody>
<tr>
<td>URF No.</td>
<td>Date</td>
</tr>
</tbody>
</table>

I/We request you to set up an **Unpledge** request on my / our behalf. I / We have read and understood the Depositories Act, SEBI Regulations, Bye Laws and the Pledge Agreement in relation to unpledge of securities and I / We agree to abide by and be bound by the Act, Regulations, Bye Laws and the Pledge Agreement as are in force from time to time for such unpledge requests.

### Pledgor’s Details

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
<th>Pledgor’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.</td>
</tr>
</tbody>
</table>

### Pledgee’s Details

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
<th>Pledgee’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.</td>
</tr>
</tbody>
</table>

### Date of Unpledging  D D M M Y Y Y Y

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>PSN</th>
<th>ISIN</th>
<th>Name of the Security</th>
<th>Total Quantity pledged</th>
<th>Quantity to be unpledged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attach an annexeure duly signed by the account holder(s), if the space above is insufficient.

**The unpledge request is being set up for the reasons mentioned hereunder: -**

I / We declare that the above particulars given by me/ us above are true to the best of my/ our knowledge.

### Signature of the Pledgor

<table>
<thead>
<tr>
<th>First / Sole Applicant</th>
<th>Second Applicant</th>
<th>Third Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Signature of the Pledgee *

<table>
<thead>
<tr>
<th>First/ Sole Applicant</th>
<th>Second Applicant</th>
<th>Third Applicant</th>
</tr>
</thead>
</table>
**Note:**

1. Signature(s) of Pledgee is **mandatory**, if Unpledge Request is set up by the Pledgor.

2. Signature(s) of Pledgor is not required, if unpledge request is setup by pledgee.

*Depository Participant seal and signature*
**Invocation Request Form (IRF)**

**Depository Participant Name/Address**

Please fill all the details in Block Letters in English. To be filled by the pledgee.

<table>
<thead>
<tr>
<th>IRF No.</th>
<th>Date D M Y Y Y Y</th>
</tr>
</thead>
</table>

I/We request you to set up an Invocation request on my / our behalf. I / We have read and understood the Depositories Act, SEBI Regulations, Bye Laws and the Pledge Agreement in relation to invocation of securities and I / We agree to abide by and be bound by the Act, Regulations, Bye Laws and the Pledge Agreement as are in force from time to time for such invocation.

**Pledgor’s Details**

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pledgor’s Name</th>
<th>1.</th>
<th>2.</th>
<th>3.</th>
</tr>
</thead>
</table>

**Pledgee’s Details**

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pledgee’s Name</th>
<th>1.</th>
<th>2.</th>
<th>3.</th>
</tr>
</thead>
</table>

**Date of Invocation**

<table>
<thead>
<tr>
<th>D D M M Y Y Y Y</th>
</tr>
</thead>
</table>

**Details of Securities to be invoked**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>PSN</th>
<th>ISIN</th>
<th>Name of the Security</th>
<th>Total Qty Pledged</th>
<th>Qty to be invoked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attach an annexure duly signed by the Pledgee(s), if the space above is insufficient.

**The invocation request is being set up for the reasons mentioned hereunder:**

I / We declare that the above particulars given by me / us above are true to the best of my / our knowledge.

**Signature of the Pledgee.**

<table>
<thead>
<tr>
<th>First/ Sole Applicant</th>
<th>Second Applicant</th>
<th>Third Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Depository Participant Seal and Signature**
### Rematerialization Request Form [RRF]

**Depository Participant Name / Address**  
(To be filled up by the Depository Participant)

<table>
<thead>
<tr>
<th>RRN</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

Please fill all the details in **Block Letters** in English. (In case of Lock-in Securities, fill up separate RRF for Lock-in securities having different Lock-in expiry dates).

<table>
<thead>
<tr>
<th>RRF No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

I/We request you to arrange to rematerialize the securities mentioned hereunder held in our demat account.

<table>
<thead>
<tr>
<th>DP ID</th>
<th></th>
<th></th>
<th>Client ID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ISIN</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Type of Security</th>
<th>Equity</th>
<th>Debentures</th>
<th>Bonds</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number of Securities to Be Rematerialized</th>
<th>In figures</th>
<th>In Words</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Type of Lot Requested</th>
<th>Market Lot.</th>
<th>Jumbo Lot.</th>
<th>(Specify Denomination)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Type of Securities</th>
<th>Free</th>
<th>Lock-in</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lock-in Reason</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lock-in Expiry Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Documents enclosed</th>
<th></th>
</tr>
</thead>
</table>

### Account Holder's Details

<table>
<thead>
<tr>
<th>Name of the First Holder</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Father / Husband Name of First Holder</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name of the Second Holder</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name of the Third Holder</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Occupation of the First Holder</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Details of Existing Folio (if any)</th>
<th></th>
</tr>
</thead>
</table>

* In case of remat for repurchase, Form provided by the respective company should be attached along with the RRF

<table>
<thead>
<tr>
<th>First/ Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature as per RTA Records</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signature as per DP Records</th>
<th></th>
</tr>
</thead>
</table>
**Participant Authorization – DP to RTA**

Received the above mentioned securities for Rematerialization, from:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
<th>Name of the Sole / First Holder</th>
<th>ISIN I N</th>
<th>Date D D M M Y Y Y Y</th>
</tr>
</thead>
</table>

The Rematerialization Request form has been verified with the details of the Beneficial Owner’s account and it is certified that the form is in order. The account has sufficient balances to allow the Rematerialization as requested. It is also certified that the details of beneficial owners have been verified and found in order.

**Depository Participant Seal and Signature**

==================================================================(Please Tear Here)==================================================================

**Acknowledgement Receipt**

Received Rematerialization request form as per details given below:

<table>
<thead>
<tr>
<th>RRF No.</th>
<th>Date D D M M Y Y Y Y</th>
<th>DP ID</th>
<th>Client ID</th>
<th>Name of the Sole / First Holder</th>
<th>Name of Second joint Holder</th>
<th>Name of Third joint Holder</th>
<th>ISIN I N</th>
<th>Quantity</th>
<th>Name of the Company / Security</th>
<th>Type of Security</th>
</tr>
</thead>
</table>

**Depository Participant Seal and Signature**
REPURCHASE / REDEMPTION REQUEST FORM

Participant Name

Depository Participant ID

RFN

DATE

I/We offer the below mentioned securities for repurchase/ redemption and declare that my/our account be debited the number of securities to the extent of my/ our repurchase/ redemption request and proceeds be paid to me/us cheque/ bank draft. I/We hereby declare that the below mentioned person(s) are the beneficial owners of the security mentioned.

Account Number

Account Holder Name

No. of Securities to be Repurchased/ Redeemed (in figures)

in words (integers)

and (Fractions)

Name of the security

Name of the issuing Company

Face Value

ISIN

Specimen Signature(s)   Name   Signature

First/ Sole Holder

Second Holder

Third Holder

Participant Authorization

Received the above mentioned securities for repurchase/ redemption from

Account No.

ISIN

Date

Name of the first Holder

The application form is verified with the details of the beneficial owner's account and certified that the application form is in order. The account has sufficient balance to accept the repurchase/ redemption request. It is also certified that the beneficial owner's signatures are verified and found in order.

The other details of the beneficial owners as extracted from the records are enclosed.

Forwarded by - Name

Signature   Seal

= = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = = =

Acknowledgement

Participants Name Address and ID

We hereby acknowledge the receipt of repurchase/ redemption request for no. of securities of (security details) from (Name) holding a/c no. 

Depository Participant’s Signature   Seal   Date
# Account Closure Request Form

<table>
<thead>
<tr>
<th>Application No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closure Initiated by</td>
<td>☐ BO</td>
<td>☐ DP</td>
<td>☐ CDSL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(To be filled by the BO (in case of BO-initiated closure). Please fill all the details in **Block Letters** in English)

To,

**Depository Participant Name**

**Address**

Dear Sir / Madam,

I / We the Sole Holder / Joint Holders / Guardian (in case of Minor) / Clearing Member request you to close my / our account with you from the date of this application. The details of my/our account are given below:

## Account Holder's Details

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the First / Sole Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Second Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address for Correspondence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>PIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Details of remaining security balances in the account (if any)

<table>
<thead>
<tr>
<th>Reasons for Closing the Account</th>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Balance remaining in the account (if any) to be:

- ☐ partly rematerialised and partly transferred.
- ☐ Rematerialised
- ☐ Transferred to another account (Number given below)
- ☐ Not applicable

<table>
<thead>
<tr>
<th>Balance present in account for (To be filled by DP, if applicable)</th>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ☐ Ear - marked
- ☐ Pending for Dematerialisation
- ☐ Frozen
- ☐ Pledged
- ☐ Pending for Rematerialisation
- ☐ Lock-in

<table>
<thead>
<tr>
<th>First / Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature *</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*If DP or CDSL initiates account closure, Signature(s) of account holder(s) not required.

Please Tear Here

---

Application No. | Date :-
---|---

We hereby acknowledge the receipt of your instruction for Closing the following Account subject to verification:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the First / Sole Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Second Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

Reason for Closure

<table>
<thead>
<tr>
<th>Instructions to Account Holder(s)</th>
<th>Depository Participant Seal and Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Submit a duly-filled RRF if the balances are to be rematerialized.</td>
<td></td>
</tr>
<tr>
<td>o Submit a duly-filled Delivery Instruction Slip (DIS) (off market instruction slip) if the balances are to be transferred to another Account. This requirement is not applicable in the case of &quot;SHIFTING OF ACCOUNT&quot;.</td>
<td></td>
</tr>
</tbody>
</table>
Date:

To,
Company Name and Address

Dear Sir / Madam,

**Sub : Rejection of pending demat request and account closure**

I / We have submitted the certificates of your company __________________________ having ISIN __________________ for dematerialisation through Depository Participant __________________________(name) having DP ID __________________. Details of my/ our demat request(s) are given below –

<table>
<thead>
<tr>
<th>Certificate no(s).</th>
<th>Demat Request Form no. (DRF no.)</th>
<th>Date of setup of DRN</th>
<th>Distinctive no(s).</th>
<th>Demat Request no. (DRN)</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>From To</td>
<td>From To</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The aforesaid demat request(s) is / are pending for disposal for a long time. As I / we wish to close my / our BO account no. __________________________ and hold the above mentioned securities in physical form, I / We request you to reject the pending demat request and send physical certificates directly to me / us with intimation to my / our DP.

Yours faithfully,  

Name and Signature of 1st holder : __________________________

Name and Signature of 2nd holder : __________________________

Name and Signature of 3rd holder : __________________________

Encl : Letter giving details of the demat request, duly signed and stamped by DP.

cc : 1. DP name and address
     2. Electronic connectivity RTA name and address
To,

DP Name
Address

Dear Sir / Madam,

Sub: Rejection of pending demat request and account closure

I/We had submitted share certificates / securities for dematerialisation through you, details of which are as follows:-

Issuer (Company) Name: ___________________________________

ISIN: ___________________________________

<table>
<thead>
<tr>
<th>Demat Request Form no. (DRF no.)</th>
<th>Demat Request no. (DRN)</th>
<th>Date of setup of DRN</th>
<th>Certificate no(s).</th>
<th>Distinctive no(s).</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>From To</td>
<td>From To</td>
<td></td>
</tr>
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</tr>
</tbody>
</table>

The aforesaid demat request(s) is/are pending for disposal for a long time. As I/we wish to close my/our BO account no. __________________________, I/We request you to reject the pending demat request(s) which have been set up in the system.

I/We wish to inform you that: (tick the relevant box):-

- ☐ the share certificates (securities) pertaining to these demat requests are in my/our possession.
- ☐ the share certificates (securities) pertaining to these demat requests are not in my/our possession. However, I/we undertake to take up the matter directly with the concerned Issuer and/or its RTA.

Yours faithfully,

First Holder
Second Holder
Third Holder

Name
Signature
Date: __ / __ / ______

To:

Central Depository Services (India) Limited
16th Floor, P J Towers, Dalal Street
Fort, Mumbai - 400 001

Dear Sir / Madam,

**Sub: Rejection of pending demat request and account closure**

In line with CDSL’s DP Operating Instructions regarding account closure, we have received a request from BO(s), having BOID ________________ requesting the cancellation of long-pending demat request(s) and the subsequent closure of the said demat account. The said request letter is attached herewith.

We request you to arrange to **cancel** the following demat requests [DRNs] in the CDSL system as they are pending for more than **60 days**. The details of the BO(s) i.e. account number, name(s) and signature(s), as mentioned in the attached letter, have been duly verified by us and found to be in order.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Demat Request No.</th>
<th>Issuer Name</th>
<th>ISIN</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The BO(s) has/have confirmed that the securities / share certificates are in their possession and if not, they have undertaken to take up the matter directly with the concerned Issuer/RTA.

Thanking you,

Yours faithfully,
for [DP Name]

[Authorized Signatory]
Name: __________
Designation: _______

Encl:   Letter from BO(s)
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Non-compliance</th>
<th>Penal Action *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accounts operated with an unsigned agreement/Account opened without obtaining adequate proof of identity or any other document prescribed by SEBI/Account opened without obtaining adequate proof of address or adequate proof of address not collected for change of address. Record of in-person verification not maintained</td>
<td>Rs. 2500/- per account. If such deviation is observed in two consecutive inspections, penalty would be Rs.5000 per account. If such deviation is observed in three consecutive inspections, matter would be referred to DAC. Depository to refer the matter to DAC if total penalty imposed in one inspection under this head exceeds Rs.50000.</td>
</tr>
<tr>
<td>2</td>
<td>Supplementary agreement executed or undertaking/letter obtained or any modification made in any document which has clauses contradictory to depository prescribed agreement or Power of attorney executed in favour of DP in contradiction to depository prescribed guidelines</td>
<td>Rs.1000 per occasion</td>
</tr>
<tr>
<td>3</td>
<td>Accounts opened in the name of Partnership firms / proprietary concern / such other entities not entitled to hold securities in its name.</td>
<td>Rs.1000 per account</td>
</tr>
<tr>
<td>4</td>
<td>Nomination not done as per prescribed procedure/HUF, corporate, trust accounts opened with nominee.</td>
<td>Rs.250 per account</td>
</tr>
<tr>
<td>5</td>
<td>HUF accounts opened with joint holdings.</td>
<td>Rs.250 per account</td>
</tr>
<tr>
<td>6</td>
<td>Any type of transaction not executed as per the procedure prescribed by Depository such as change in bank details, change in signature, transmission, account closure, freeze/unfreeze, pledge, remat etc.</td>
<td>Rs.500 per account</td>
</tr>
<tr>
<td>7</td>
<td>Data entry errors / omission which may cause inconvenience and/or loss to the BO/ system / Depository</td>
<td>Rs.50 per account</td>
</tr>
<tr>
<td>8</td>
<td>Correct PAN details are not obtained from the BOs and the account is not frozen for debit.</td>
<td>Rs. 500 per account</td>
</tr>
<tr>
<td>9</td>
<td>Incorrect entry of PAN details in CDAS</td>
<td>Rs.50 per account</td>
</tr>
</tbody>
</table>
### PENALTY STRUCTURE FOR DPs

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Non-compliance</th>
<th>Penal Action *</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Alterations in the contents of agreements as prescribed by CDSL</td>
<td>Rs. 100 per occasion</td>
</tr>
<tr>
<td>11</td>
<td>Minor account opened with joint holders</td>
<td>Rs. 500 per account</td>
</tr>
<tr>
<td>12</td>
<td>Invalid/ factually incorrect/ meaningless data entered in demographic details</td>
<td>Rs. 500 per account</td>
</tr>
<tr>
<td>13</td>
<td>Delay in dispatch of demat requests beyond 7 working days after receipt of Demat Request Form and certificates from the BO</td>
<td>Rs. 250 per occasion</td>
</tr>
<tr>
<td>14</td>
<td>Sending securities for dematerialization to Registrar &amp; Transfer Agents / Issuers without defacing and mutilating certificates.</td>
<td>Rs. 100 per occasion</td>
</tr>
<tr>
<td>15</td>
<td>No/inadequate control over issuance and/or acceptance of instruction slips.</td>
<td>Rs. 2500/- per occasion. If such deviation is observed in two consecutive inspections, penalty would be Rs. 5000. If such deviation is observed in three consecutive inspections, matter would be referred to DAC.</td>
</tr>
<tr>
<td>16</td>
<td>BO account debited without receiving proper authorization.</td>
<td>Rs. 2500/- per account. If such deviation is observed in two consecutive inspections, penalty would be Rs. 5000 per account. If such deviation is observed in three consecutive inspections, matter would be referred to DAC. Depository to refer the matter to DAC if total penalty imposed in one inspection under this head exceeds Rs. 50000. The penalty levied above will be in addition to restoration of securities in case of BOs' dispute.</td>
</tr>
<tr>
<td>17</td>
<td>Instruction of the BO not executed or erroneously entered by DP</td>
<td>Rs. 250 per account</td>
</tr>
<tr>
<td>18</td>
<td>Fax indemnity not executed with the BOs for the instructions accepted on fax and/or original instruction not collected within the prescribed time limit as mentioned in operating instructions.</td>
<td>Rs. 500 per account</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Nature of Non-compliance</td>
<td>Penal Action</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>19</td>
<td>Transaction statement not being sent to BOs as per requirements or discrepancy observed in the transaction statement sent to BOs.</td>
<td>Rs.2000 per occasion</td>
</tr>
<tr>
<td>20</td>
<td>Change in office address and / or investor relations officers/compliance officers not intimated to Depository.</td>
<td>Rs.250 per occasion</td>
</tr>
<tr>
<td>21</td>
<td>Forms used are not in conformity with the prescribed format</td>
<td>Rs.100 per occasion</td>
</tr>
<tr>
<td>22</td>
<td>Termination / closing of franchisee / branch services contrary to depository instructions.</td>
<td>Rs.500 per occasion</td>
</tr>
<tr>
<td>23</td>
<td>Qualified personnel [BCCD / CDSL-certified for depository operations] not appointed in at least 90% of the total service centres (other than drop boxes) of the Participants.</td>
<td>Rs.1,000/- per month per service centre (other than drop box). Further, Rs.5,000/- per month per service centre upon recurrence of the deviation in the same service centre wherein non-compliance was observed earlier. In case of new service centre or in case of resignation or transfer of qualified personnel from the existing service centre, time period of three months will be allowed within which qualified personnel should be appointed.</td>
</tr>
<tr>
<td>24</td>
<td>Registration of BOs for easi/ easiest without obtaining registration forms/Registration of Trusted accounts at easiest without obtaining letter in the given format from trusted account holders</td>
<td>Rs. 500/- per account</td>
</tr>
<tr>
<td>25</td>
<td>Internal Audit Report &amp;/ or Concurrent Audit Report not submitted in the prescribed format within stipulated time period.</td>
<td>Rs.1000 per occasion plus additional Rs.500 for any delay per fortnight</td>
</tr>
<tr>
<td>26</td>
<td>Internal audit report/ concurrent audit report submitted without inclusion of management comments for deviations noted by auditors or not providing compliance duly certified by auditors on the observations made by the Depository</td>
<td>Rs.1000 per occasion plus additional Rs.500 for any delay per fortnight.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Nature of Non-compliance</td>
<td>Penal Action *</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>27</td>
<td>Non-submission of net worth certificate based on the audited annual accounts by the DPs (as specified in the Bye-Laws) in the prescribed format for 31(^{st}) March within prescribed time limit</td>
<td>Rs.2500 per occasion plus additional Rs.1000 for any delay per fortnight.</td>
</tr>
<tr>
<td>28</td>
<td>Non-submission of annual financial statement within the prescribed time limit.</td>
<td>Rs.1000 per occasion plus additional Rs.500 for any delay per fortnight</td>
</tr>
<tr>
<td>29</td>
<td>Non filing of information sought by depository either periodically or specifically through communiqués / letters etc.</td>
<td>Rs.250 per occasion</td>
</tr>
<tr>
<td>30</td>
<td>BO Grievances (except disputes /court cases) not redressed within 30 days</td>
<td>Rs. 250 per grievance plus additional Rs.100 for any further delay per month. Delay beyond six months will be reported to the DAC</td>
</tr>
<tr>
<td>31</td>
<td>Non-submission of monthly report of BOs' Complaints as required under Bye Law 5.3.5.4 (latest by 10th of the following month).</td>
<td>Rs.500 per month</td>
</tr>
<tr>
<td>32</td>
<td>Compliance not reported by DP within 60 days from the date of communication by depository with respect to deviations observed during the inspections.</td>
<td>Matter to be referred to DAC</td>
</tr>
<tr>
<td>33</td>
<td>(a) Carrying out certain functions which are prohibited by Depository through franchisees (like in-person verification of clients at the time of opening of accounts and verification of delivery instruction slips).</td>
<td>Matter to be referred to Disciplinary Action Committee.</td>
</tr>
<tr>
<td></td>
<td>(b) Dispatch of periodic transaction statements by Participants through its service centre (branch as well as franchisees) other than one which is directly connected to the Depository or through its centralized processing unit under the supervision of its head office.</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Depository services are offered through service centres without the approval of the Depository.</td>
<td>Rs.2,500/- per occasion</td>
</tr>
<tr>
<td>II</td>
<td><strong>System related deviations</strong></td>
<td></td>
</tr>
</tbody>
</table>
## PENALTY STRUCTURE FOR DPs

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Non-compliance</th>
<th>Penal Action *</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>Using the CDAS for any other purpose or loading any other software or alteration of parameters / configuration or software other than prescribed system software found loaded in the system.</td>
<td>Rs.5000 per occasion</td>
</tr>
<tr>
<td>36</td>
<td>Not upgrading the software and/or hardware within the prescribed time limit / not complying with pre-requisite or post-requisite of upgradation.</td>
<td>Rs.5000/- per occasion plus actual cost of travel of depository official/s and/or other person/s on behalf of the depository, if any, for this purpose.</td>
</tr>
<tr>
<td>37</td>
<td>Configuration of CDAS not as per CDSL requirements.</td>
<td>Rs.5000 per occasion</td>
</tr>
<tr>
<td>38</td>
<td>CDAS is connected to WAN without permission of relevant authorities.</td>
<td>Rs.5000 per occasion</td>
</tr>
<tr>
<td>39</td>
<td>Anti Virus Software not loaded/enabled/upgraded on server and/or client machine(s).</td>
<td>Rs.500 per occasion</td>
</tr>
<tr>
<td>40</td>
<td>Not taking back up daily and/or deviation in procedure of taking backup.</td>
<td>Rs 100 per occasion</td>
</tr>
<tr>
<td>41</td>
<td>‘Variable access rights’ scheme suggested by Depository not implemented / not implemented properly.</td>
<td>Rs.250 per occasion</td>
</tr>
<tr>
<td>42</td>
<td>Back up register not maintained or not updated</td>
<td>Rs.100 per occasion</td>
</tr>
<tr>
<td>43</td>
<td>Not connecting with Depository continuously for two working days without intimating to Depository.</td>
<td>Rs.5000/- per occasion plus Rs.500/- per day thereafter.</td>
</tr>
<tr>
<td>44</td>
<td>Erroneously uploading data files into CDSL system for processing of any type of transaction.</td>
<td>Rs.500 per account</td>
</tr>
<tr>
<td>45</td>
<td>Erroneous declaration of EOD by DP</td>
<td>Rs.500 per occasion</td>
</tr>
</tbody>
</table>

If the total monetary penalty levied on a particular DP in last three years exceed Rs.1,00,000/-, the matter would be referred to DAC.
### PENALTY STRUCTURE FOR DPs

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Non-compliance</th>
<th>Penal Action *</th>
</tr>
</thead>
</table>

**Note:**
DAC will have the power and authority to impose penalties higher than mentioned herein above depending upon the nature of irregularities observed.
# Freeze / Unfreeze Request Form

**Depository Participant Name / Address**

Please fill all the details in **Block Letters** in English

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Date</th>
<th>D</th>
<th>D</th>
<th>M</th>
<th>M</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
<th>Y</th>
</tr>
</thead>
</table>

- [ ] Freeze
- [ ] Unfreeze
- [ ] BO Account
- [ ] BO ISIN (given ISIN)
- Freeze ID (system generated, to be entered DP if BO account is frozen)

**Account Details**

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Sole / First Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Second joint Holder</td>
</tr>
<tr>
<td>Name of Third joint Holder</td>
</tr>
</tbody>
</table>

**Details of Securities. (To be entered for BO-ISIN freeze)**

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>ISIN</th>
<th>Name of the security</th>
<th>Quantity For Partial Freeze</th>
<th>Freeze ID (To be entered by DP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Attach an annexure duly signed by the account holder(s), if the space above is insufficient.

- [ ] Debit
- [ ] Credit
- [ ] Both

<table>
<thead>
<tr>
<th>Activation Type</th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freeze Activation Date</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Freeze Expiry Date</td>
<td>D</td>
<td>D</td>
</tr>
</tbody>
</table>

**Frozen For**

- [ ] Debit
- [ ] Credit
- [ ] Both

**Reason For Freeze**

**Freeze Remarks**

* To be entered for future dated freeze.

I / we declare that the particulars given by me/us above are true to the best of my/our knowledge.

**Name & Signature of the Account Holder(s)**

<table>
<thead>
<tr>
<th>NAME</th>
<th>First/ Sole Holder</th>
<th>Second Holder</th>
<th>Third Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**SIGNATURE**

==================================================================(Please Tear Here)===================================================================

**Acknowledgement Receipt**

Received Freeze / Unfreeze request from:

<table>
<thead>
<tr>
<th>DP ID</th>
<th>Client ID</th>
</tr>
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<tbody>
<tr>
<td></td>
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<tr>
<td>Name of Second joint Holder</td>
</tr>
<tr>
<td>Name of Third joint Holder</td>
</tr>
</tbody>
</table>

**Depository Participant Seal and Signature**