

## **FAQ for Audit & Compliance**

1) Which documents are to be submitted to CDSL on periodic basis and what are the due dates?

Ans:

### **DOCUMENTS TO BE SUBMITTED TO CDSL**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Periodicity for submission of reports</b>	<b>Due dates for submitting reports</b>
1.	BO Grievances Report	Monthly	10 <sup>th</sup> of the following month
2.	Internal Audit Report and report on concurrent audit of risk prone areas	Half yearly	15 <sup>th</sup> May for half year ended 31 <sup>st</sup> March & 15 <sup>th</sup> November for half year ended 30 <sup>th</sup> September
3.	Net Worth Certificate based on audited annual accounts	Yearly	30 <sup>th</sup> September, after end of each financial year.
4.	Audited Financial Statements	Yearly	30 <sup>th</sup> September, after end of financial year
5.	Submission / Dissemination of DP Tariff / Charges structure	Yearly	On or before 30 <sup>th</sup> April every year or as and when tariff structure is revised
6.	Compliance Officer Details	If new officer is appointed or any change in the office	Immediately

### **INFORMATION/ DOCUMENTS TO BE SUBMITTED TO FIU-IND**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Periodicity for submission of reports</b>
7.	Suspicious Transaction Report (STR)	On receiving alerts from CDSL or whenever alerts are generated by DP or whenever suspicious transactions are seen by DPs. Within 7 days from identifying the suspicious transactions

2) Which registers are generally required to be maintained by a Depository Participant?  
Can these registers be maintained in electronic form?

Ans: The following registers are required to be maintained.

(a)	Register of documents received and sent for dematerialization.
(c)	Records for transaction statements provided to BO, giving details such as account number, date of dispatch, period for which the statement was dispatched etc.
(d)	Investor Grievance Register
(e)	Back up register
(f)	Power of Attorney register
(g)	DIS issue register
(h)	Nomination register
(i)	Suspicious Transactions register – Alerts sent by CDSL

The above mentioned registers can be maintained in electronic form provided that system checks and controls are in place to ensure that no unauthorized entry / deletion is done. Further, audit trails and proper back-up procedures should be in place.

3) Can a DP open a BO account in spite of mismatch in the name on PAN card and account opening form?

Ans : A DP can open a BO account in spite of mismatch in the name of PAN card and account opening form, provided that (i) the mismatch is of minor nature (ii) the DP verifies the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors e.g. Additional proof of identity in the name as on account opening form (iii) the DP exercises extra care before opening such an account to check genuineness of the investor (iv) the DP keeps on record the documents and the measures taken to establish genuineness of such an investor.

4) Is it mandatory to obtain PAN of Karta for opening HUF account?

Ans : Yes. Though PAN of the HUF is to be entered in CDSL system, copy of PAN card of Karta, duly verified with original, should be obtained and kept on record.

5) Is nomination mandatory to open a beneficial owner account?

Ans : The DP should mandatorily obtain a nomination form from a non-corporate beneficial owner (Individual/NRI/Foreign National categories), duly filled and signed by all the holders. If a beneficial owner does not wish to nominate, the option "**I/WE DO NOT WISH TO NOMINATE**" in the Nomination Form should be selected by such a beneficial owner. Thus, though it is not mandatory to appoint a nominee for opening of a non-corporate beneficial owner account, it is mandatory to keep on record the option exercised by such beneficial owner. Further, the DPs should explain to such beneficial owner advantages of nomination.

6) If there are no securities in a BO account and the BO is not paying charges, can a DP close such an account?

Ans : A DP can initiate closure of a BO account for reasons such as non payment of dues and violation of agreement with the DP. A notice of minimum 30 days shall be given to the concerned BO, intimating the DP's intention to close the account specifying reasons for the same. The proof of dispatch of such notice has to be kept on record.

7) If there are **no transactions and no security balances in a BO a/c**, do we need to send transaction cum holding statement quarterly?

Ans: No.. A DP may be exempted from sending quarterly transaction cum holding statements to BOs in respect of demat accounts with no transactions and no security balances provided that the procedure / points as given under Operating Instruction 16.7 are followed.

8) Can a Karta of a HUF further delegate his rights by executing a Power of Attorney?

Ans : Yes. The Power of Attorney document shall be signed by the Karta & all other coparceners.

9) How can a DP issue DIS booklet to a beneficial owner in case of lost / misplaced requisition slip if the beneficial owner cannot come personally to the office of DP to collect the DIS ( e.g. BO stays at Mumbai whereas DP office is in Jaipur ) ?

Ans: The DP can send the DIS Booklet to the registered correspondence address of the beneficial owner on the basis of request letter duly signed by all the holders. The DP should take extra care if such a request for issue of DIS booklet is preceded by an address change request.

10) Can a DP stop processing of an instruction given by a beneficial owner in case of non-payment of dues by such beneficial owner?

Ans: DP can stop processing of an instruction given by a beneficial owner in case of non-payment of dues only if the following conditions are met:-

- (a) The beneficial owner has not paid its dues on its due dates or within fifteen days of the same being demanded.
- (b) The DP has served a notice of at least two days on such a beneficial owner clearly stating that the processing of instructions will be stopped after the notice period in case of non payment.
- (c) The pending dues are pertaining to the DP services.