

Central Depository Services (India) Limited (CDSL), is a depository managed by professionals, has been promoted by The Bombay Stock Exchange (BSE) Limited along with a cross section of several leading Indian and foreign banks. CDSL's objective is to provide convenient, dependable and secure depository services at an affordable cost to investors. Presently, it is compulsory to settle all trades done on any stock exchange in demat mode only. Although, investors have an alternative to settle trades upto 500 shares in physical form, in practice, almost all trades on stock exchanges are now being settled in demat mode only.

Dematerialisation or demat is the process of converting the securities held in physical form into an electronic record form or to directly allot securities in electronic record form. These electronic records of securities are shown as "electronic balances" in the demat accounts of investors. Any investor can open a demat account through a Depository Participant (DP). The DP is an agent of the depository and provides a link between the account holder or Beneficial Owner (BO), the Issuing Company, CDSL, the BOs broker and the Stock Exchange. CDSL publishes from time to time an updated list of DPs registered with it. The list is also available on CDSL's website www.cdslindia.com.

Benefits of holding securities in the Dematerialised Form

- a) Elimination of all risks associated with physical certificates: There is no risk of loss, mutilation or theft of certificates.
- b) Elimination of bad deliveries: In the depository environment, securities cannot be returned "under objection" for any reason and hence the question of bad delivery does not arise nor does the investor face any uncertainty on the genuinity of securities purchased by him.
- c) Immediate transfer and registration of securities: After the payout, once securities are credited to the investor's demat account, the investor becomes the owner of the securities, as there is no need to seek registration from the company or its registrar.
- d) Faster settlement cycles: All stock exchanges currently follow the T+2 rolling settlement cycle i.e. settlement of trades is done on the 2nd working day from the trade day. This has become possible because of demat, which enables faster transfer of securities and enhances liquidity.
- e) Faster receipt of securities in case of bonus/split/merger etc.: Direct credit of securities issued as bonus or on allotment of IPO/rights, split and merger ensures faster receipt of securities and eliminate the risk of loss of certificates in transit.
- f) Waiver of stamp duty: No stamp duty is payable by the investors for transfer of any kind of securities in demat form.
- g) Facilitates ease in recording change of address, transmission, etc. – For all investments held in the BO's a/c, instead of informing each company separately about the change in address, bank account details, nomination, one single instruction to the DP takes care of all such changes.

- h) Ease of portfolio monitoring : The statement of account periodically sent by the DP provides the investor the consolidated position of all his investments in the demat account. This makes it convenient for an investor to monitor his portfolio.

Why should an investor open a Demat Account with CDSL ?

CDSL's system incorporates a number of distinct features which provide BOs convenient, dependable and secure depository services at an affordable cost.

CONVENIENCES

- a) Wide DP network: CDSL has a wide network of DPs offering demat services across the country and thus providing investors an opportunity to select a DP of their choice depending on the location and other conveniences.
- b) On-line DP services: CDSL's centralised database provides online depository services across the country. All DPs are electronically connected to CDSL thereby making the depository services available at the door-step of the investor.
- c) Availability of wide spectrum of securities: The equity shares of almost all A, B1 & B2 group companies are available for dematerialisation on CDSL. CDSL extends demat facilities practically for all categories of securities which include equity, bonds, debentures, commercial papers, government securities and units of Mutual Funds. A BO can also hold warehouse receipts pertaining to commodities, in a demat account. However, a separate account should be opened for holding warehouse receipts.
- d) Competitive fee structure: CDSL's fees are very reasonable and competitive, which makes it possible for DPs to offer demat services to investors at an affordable cost.
- e) **easi and easiest:**
- a. Through CDSL's unique internet facility Electronic Access to Securities Information - **easi**, BOs can view and print a statement of their demat account. BOs can also get the status of the last 7 days transactions in **easi**. BOs also get a daily valuation of the securities held in their demat account, as of the previous day's closing price on BSE. BOs can also monitor corporate announcements for the securities held in their account, thus enabling them to take informed investment decisions.
 - b. **easiest** is an internet based facility which permits BOs/CMs to submit debit/credit transaction instructions which can be off-market, on-market, inter-depository and early pay-in transactions. **easiest** also has a facility for upload of transactions, which enables a BO/CM to enter the instructions offline & thereafter upload the same. Moreover, all the facilities and benefits of **easi** are available to BOs registered for **easiest**.
- f) **SMS Alerts Related to Transactions – SMART:** CDSL's SMS alert facility - SMART, enables BOs to monitor their account for all debits (upto 4 ISINs) or for credits in their account, received due to Initial Public Offers (IPOs) or other corporate actions.

DEPENDABILITY

- a) On-line information to users: With the CDSL's centralised database architecture, on-line depository services are available to BOs with the latest status of their demat accounts.
- b) Safety of data: In case any system-related problem develops at the DP's end, it does not affect the BO's interest in any way as the CDSL database is maintained centrally.
- c) Audit and inspection: CDSL conducts regular audit of its DPs to ensure compliance of the stringent operational and regulatory requirements.
- d) Helpdesk: CDSL's prompt and courteous helpline facility is available to DPs and investors to obtain any clarification and guidance.
- e) Always meeting users requirements: Continuous updation of procedures and processes in tune with the evolving market practices is another hallmark of CDSL's system.

SECURITY

- a) Computer systems: CDSL has state-of-the-art computer systems, data storage devices and communication networks which ensure the security and integrity of all data uninterruptedly. All data at CDSL is automatically mirrored and transmitted to a Disaster Recovery Site, which is located away from the main site. CDSL has also received the prestigious **ISO 27001 Certification**, which is an internationally recognised information technology industry standard for benchmarking Information Security Management Systems. CDSL has obtained the certification for its main site as well its Disaster Recovery Site (DRS).
- b) System access : Only a person at the DPs end who has been preauthorized by CDSL can access the CDSL system.
- c) Unique BO account number: Each BO in CDSL is allocated a unique account number. This avoids wrong transfer of securities in the event the transferee's account number is keyed-in wrongly.
- d) Insurance cover: CDSL has obtained adequate insurance cover for any unlikely loss occurring to a BO due to the negligence at CDSL and/or the DP.

Opening a Demat Account

- a) Individual and non-individual investors have a choice to open a demat account with any CDSL DP. Individual investors could be Indian residents or NRIs. Non-individual investors include Corporates, FIs, FIIs, Mutual Funds, Trusts etc. Also under the scheme of two-way fungibility of ADR/GDR, non-residents can open a demat account with a CDSL DP.
- b) An investor should consider the fee structure, locational convenience and the track record of the DP before selecting a DP for opening their demat account.

- c) A demat account can be maintained even with 'nil' balance, as there is no requirement of holding any minimum security balance in a demat account.
- d) If securities are already held in joint names, the demat account should be opened in the order of names in which the securities are held. If the securities are held by an individual jointly with different persons, separate demat accounts will have to be opened for each such combination. However, if the same persons hold securities in different order of their names, one single demat account in names of all these persons (not exceeding 3 persons) would be sufficient, provided the facility of transposition-cum-demat is used.
- e) At the time of opening the demat account or anytime thereafter, individuals having a demat account in a single or joint name/s can make, a nomination. In the unfortunate event of demise of one of the joint holders, the securities can be transmitted in the names of the surviving holder(s). But, in the event of demise of the sole holder or all the joint holders, the securities can be transmitted in the name of the nominee. A resident Indian can nominate an NRI or another resident Indian and similarly an NRI can nominate a resident Indian or another NRI. Non-individuals including societies, trusts, body corporates, karta of HUF and holders of power of attorney, cannot make a nomination.

Documents required to be submitted at the time of opening a CDSL Demat Account

INDIVIDUAL INVESTORS

- a) An application in the prescribed form.
 - b) Copy of **PAN CARD (Mandatory)**.
 - c) Copy of election-ID card / passport / ration card or driving license or any other address proof.
 - d) Copy of the birth certificate and guardian's name, in case of a minor.
 - e) A passport size photograph of the applicant(s) with their signature(s) put across the photograph(s)
 - f) In case of any attestation by a Magistrate / Notary Public / Special Executive Magistrate, the name, address and telephone number of the Magistrate / Notary Public / Special Executive Magistrate.
 - g) A copy of the power of attorney, if required.
 - h) Agreement in the prescribed form duly executed.
- (b & c are mandatory for 1st holder & joint holder/s, if any)

CORPORATE INVESTORS

- a) An application in the prescribed form.
- b) Copy of **PAN CARD (Mandatory)**.
- c) A certified copy of the Memorandum and Articles of Association of the company.
- d) A certified true copy of the Board Resolution authorising opening of demat account and listing out the name(s) of the official(s) authorized by the Board to act as authorised signatory/ies.
- e) Name(s) of the authorised signatory/ies and their designation(s) with specimen signature(s).
- f) A copy of power of attorney executed.

- g) In case of attestation by any Magistrate/Notary, Public/Special Executive Magistrate, his name, address and telephone number.
- h) Agreement executed in the prescribed form.

Additional requirements for some categories of investors

BO Category	Additional Requirement
Non Resident Indian (NRI)	Proof of foreign address and Indian Address and nationals or persons preferably a copy of the passport of Indian origin . All proofs should be attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI resides.
Registered Trust	Certified copy of the trust deed, list of authorized signatories with their specimen signatures and a copy of the certificate of registration of the trust.
Unregistered Trust	Certified copy of the trust deed along with the list of authorised signatories with specimen signatures and proof of address and identity documents of the trustees.
Partnership firm	The account has to be opened in the names of the partners and the PAN proof of the partners, the partnership firm and a copy of the partnership deed have to be submitted.
Proprietorship firm	The account should be opened in the name of the sole proprietor and the PAN of the proprietor and the firm has to be submitted.
Clearing Member (CM)	A certified copy of the SEBI registration certificate.
Foreign Institutional Investor (FII) and Overseas Corporate Bodies (OCB)	A certified copy of the SEBI/RBI registration.

BOs should receive from their DP:

- a) A copy of the signed agreement.
- b) Beneficial Owner Identification Number (BOID) or Demat Account number. This BO ID should be quoted in all correspondence with the DP, Issuer Companies, Registrar & Transfer agents and CDSL.
- c) Pre-printed instruction slips for effecting various types of transactions, form for dematerialising physical certificates, etc. CDSL has one single debit instruction slip both for 'on-market' and 'off-market' transactions.

BOs should note:

- a) BOs may consider issuing a one time instruction to their DPs for getting securities automatically credited to their demat account. Purchased securities can be credited to the demat account after payout of the securities by the clearing house/corporation of the stock exchange. Securities purchased on any of the stock exchanges connected to CDSL can be credited directly in the demat account.
- b) While accepting the Delivery Instruction Slip (DIS) book issued by the DP, the BOs should ensure that their BO ID is prestamped on all the pages along with the serial number. The DIS book should be kept safely. BOs should not issue to anyone blank DIS slips duly signed. BOs should also strike out the empty space, if any, in the DIS, before submitting to DP.
- c) For sale of securities in demat form, after the broker confirms the trade, the BO should immediately issue debit instruction to his DP using a debit instruction slip.
- d) For maintaining the cut-off time for submitting delivery instructions for trades done on the stock exchange (on-market trades) as per SEBI requirement, a BO should issue delivery instructions to his DP latest by 4:00 p.m. on T+1 day. Any delay in issuing instructions to the DP might result in non-delivery of shares/securities leading to auctioning of such securities and consequent loss to the investor. This is more so in T+2 settlement cycle.
- e) Any change in address and / or bank account details should be intimated to DP together with supporting documents as evidence.

SETTLEMENT FEES

CDSL does not charge any fee directly to the BO but collects the depository fees for debit and pledge transactions in any BO account from the concerned DP. The charges indicated by DPs are generally inclusive of CDSL fee, if any.

REDRESSAL OF INVESTOR GRIEVANCES

In case of any unresolved grievance with your DP, please contact the Investor Grievances Cell.

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Disclaimer - This investors guide contains information, which is subject to change and cannot be the basis for any claims or demand or cause of action by anyone against CDSL or its DPs. For latest information, BO's are requested to contact their DP's / CDSL