



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/2037

July 02, 2010

SEBI CIRCULAR DATED JULY 01, 2010 [ACCOUNT MAINTENANCE CHARGES]

SEBI has issued Circular no. **CIR/MRD/DP/20/2010** dated July 01, 2010 a copy of which is attached [see **Annexure-A**].

DPs are advised to take note of the contents of the same and ensure compliance.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk** on (022) 2272-8642, 2272-8427, 2272-8624, 2272-8693, 2272-8625, 2272-8639, 2272-8663, 2272-1261 or 2272-2075. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Ramkumar K.
Vice President – Operations

CIRCULAR

CIR/MRD/DP/ 20 /2010

July 1, 2010

To,

All Depositories,

Dear Sir(s),

Sub: Account Maintenance Charges collected upfront on annual/ half yearly basis on demat accounts

1. The Depository Participants (DPs) have a system of collecting account maintenance charge (AMC) from beneficial owners (BOs) towards maintenance of demat accounts for varied periodicity of collection (viz. monthly, quarterly, half yearly and annually). It has been noticed that in cases where AMC is collected on an annual upfront basis, on closure/shifting of demat account, the AMC for the balance period for which no service has been provided by the DP, is not refunded to the BO..
2. In view of the above, it has been decided that in the event of closing of the demat account or shifting of the demat account from one DP to another, the AMC collected upfront on annual/half yearly basis by the DP, shall be refunded by the DP to the BO for the balance of the quarter/s. For instance, in case annual AMC has been paid by the BO and if the BO closes/shifts his account in the first quarter, he shall be refunded the amount of the balance 3 quarters i.e. 3/4th of the AMC. Likewise, if a BO closes/shifts his account in the third quarter, he shall be refunded the amount for the balance one quarter i.e. 1/4th of the AMC.
3. For the purpose of the above requirement the year shall begin from the date of opening of the account in quarterly rests.
4. The above requirements shall be applicable to all existing and new accounts held with DPs which collect annual/half yearly upfront AMC. It is hereby clarified that the above requirements shall not be applicable to those DPs who collect quarterly/ monthly AMC.
5. The Depositories are advised to:-
 - a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;

- b) bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website; and
 - c) Communicate the same to all the BOs.
6. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

Harini Balaji
Deputy General Manager
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