TRUST - TRansactions Using Secured Texting

The Indian capital market is amongst the most advanced markets in terms of regulation and infrastructure. Today, the depository system lies at the heart of the capital market and plays a vital role in the way an investor holds and transacts in securities. The depositories have been instrumental in facilitating reduction of settlement cycle to T+2 days. Currently, Investors can hold their securities in a demat account with any Depository Participant (DP) and securities can be transferred instantaneously between any two accounts. Beneficial Owners (BOs) have the option to submit delivery instructions by way of Delivery Instruction Slip (DIS) to the DP or through CDSL’s internet based facility ‘easiest’ or by providing limited purpose Power of Attorney (PoA) to the broker.

Due to the short period of time available to submit delivery instructions in a T+2 settlement, many investors sign blank slips, which could result in misuse. CDSL has, therefore, introduced TRUST - TRansactions Using Secured Texting as an alternative channel to submit delivery instructions, for trades done on a stock exchange. By using TRUST, BOs can send an SMS to confirm delivery instructions uploaded by the broker. Currently, TRUST can be enabled on any mobile phone with Android Operating System (OS).

TRUST FEATURES:

- In case of on-market trades, the BO’s broker uploads the delivery instruction in the CDSL system using his easiest login. An SMS is then sent by CDSL to the BO, giving details of the instruction along with a request to confirm the same. This instruction is confirmed by the BO by an SMS, after which the account of the BO is debited.
- On giving confirmation through TRUST, BOs need not submit a physical DIS to their DP for market related transactions.
- BOs may choose to submit POA or continue to have POA registered in addition to getting registered for TRUST.
TRUST PRE REQUISITES:

- BOs who wish to register for TRUST facility can register at the time of account opening or subsequently by submitting TRUST Registration Form to their DP.
- Currently, this service is being enabled only on mobile phones with Android OS.
- The mobile number registered for SMS Alerts (SMART) and TRUST should be same.
- BOs have to register their broker (in whose favour the BO would be delivering securities from his demat account) by providing broker name and Stock Exchange details at the time of TRUST registration or at any later date.

TRUST REGISTRATION PROCESS:

- DPs may register their BOs for TRUST using BO module under SMS Registration.
- After successful registration of a BO, an SMS will be sent to the BO on the registered mobile number requesting to download the TRUST Application on the mobile.
- On receipt of positive confirmation from the BO through SMS, the TRUST registration process will be completed.
- The BO will receive a final confirmation about the successful registration through an SMS.
- In case of registration of broker by the BO for TRUST, an SMS will be sent to the BO.
- The BO can, thereafter, use TRUST for giving confirmation of delivery instructions uploaded by his broker, for trades executed by the BO through the broker.