



YOUR GROWTH PARTNER

OPERATIONAL MANUAL

DEPOSITORY PARTICIPANT WITH NSDL

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1. INTRODUCTION

This manual describes the procedure to be followed by a DP which has entered into an agreement with National Securities Depository Limited. INMACS LTD is providing information solely as a reference guide for DP employee. We request that each DP follow the procedure described in this manual. This material is meant to supplement the DP internal operating procedure with respect to DP services. While every care has been taken to ensure accuracy and completeness of the procedure, NSDL shall not be responsible for any unintentional errors or omissions.

2. THE NATIONAL SECURITIES DEPOSITORY LIMITED-AN OVERVIEW

The National Securities Depository Limited (NSDL), promoted by Industrial Development Bank of India, Unit Trust of India and National Stock Exchange of India Limited, is a company established to provide electronic depository facilities for securities traded in the equity and debt markets.

The National Securities Depository Limited has been registered by SEBI on June 7, 1996, as India's first depository to facilitate settlement of securities in dematerialized form.

FUNCTIONS PERFORMED BY NSDL:

NSDL renders the following services:

- Enable dematerialisation and Re-materialisation of eligible securities.
- Provide for disbursement of Corporate Benefits to the Beneficial Owners.
- Effect settlement of securities traded on the exchanges as well as Off-market trades through book entry transfers.
- Provide for Pledging/Hypothecation of eligible securities.
- Provide for Securities Lending and Borrowing at a later stage.

The subsequent chapters describe the procedures in detail to be followed by the Participants for each of the services rendered by NSDL. We hope that this manual will meet your requirements for the entire interface with NSDL and Clients.

FUNCTIONAL ACTIVITIES OF DP

Depository Participant renders following services:-

- Account opening/Modification/Closure
- Account Freezing / Unfreezing
- Nomination
- Demat/Remat
- Account Transfer
- Pledge/Unpledge
- Maintenance of Investor Grievance Register.

3. INMACS LIMITED – AN OVERVIEW

INMACS was promoted by a Group of highly qualified and experienced professionals in April, 1984, to offer a full range of services like Management Consultancy, Corporate Finance, Audit, Tax and Legal Advisory Services. Each step in its corporate existence has taken it closer towards the fulfilment of its goal. After a modest beginning in 1984, INMACS has established its various divisions to provide high quality resources and integrated services to Industrial and Business Houses in India and overseas.

INMACS LIMITED a leading player in financial markets has emerged as a one-stop investment solution provider. With the globalization of Indian economy and continuous fall in the interest rates, the importance of financial markets has increased tremendously. The main aim and ethos of the company, backed by fundamentals has been to find ways of wealth creation by minimizing risk in the stock market i.e. to maximize return on ones investment and/or surplus funds is the everyday mantra. A lot of products are available in the market. What is required is a judicious mix of these products to earn maximum. It is here where INMACS LTD. plays a major role. With its vast experience and competent personnel it understands the market inside out and can pass on its valuable advice to the investor

SECURITIES TRADING

INMACS LIMITED a SEBI registered broker with trading rights on National Stock Exchange, the most premier Stock Exchange of the country has its trading office situated at Nehru Place, one of the important commercial hubs of New Delhi. INMACS is also in the process of establishing necessary network to provide products recently introduced in Indian capital market. With modern communication channels it is able to provide efficient and transparent sale/purchase of equity shares, debentures and govt. securities etc. with the main emphasis being on client servicing. Being in the service industry, it understands fully the importance of its valued clients whether big or small.

DEPOSITORY SERVICES

With the introduction of De-mat or electronic shares, the importance of depository services has increased tremendously. INMACS LTD. being a depository participant of NSDL (National Securities Depository Limited) provides much needed add-on value service to its investor in safe keeping his shares demat/remat facility and other services connected thereto at very competitive charges. Needless to say every client gets personalized attention.

ADVANTAGES OF DEALING WITH INMACS LTD. ARE

- ✓ Online transparent trading
- ✓ Efficient depository services
- ✓ Experienced investor advice
- ✓ Personalized service
- ✓ Competitive fee structure
- ✓ Dedicated Portfolio Management

4. ACCOUNT OPENING AND KRA

An investor intending to hold securities in the electronic form in a depository system should open beneficiary account with a Participant. In addition to this, the client has a choice of opening accounts with more than one DP.

By opening an account with the participant the client will be able to avail of the following facilities:

- Dematerialised its existing holding in securities declared eligible by NSDL received credit in its account.
- Purchase any such securities in depository segments of the market and receive credit in its account.
- Receive credit in its account through bonus, right, etc. or through a public issue.
- Sell its holding in depository segment of the market.
- Pledge or hypothecate its securities in electronic form for availing of credit facilities from a lender

SEBI Directives on Account Opening

- The Securities and Exchange Board of India (SEBI) has issued guidelines for due diligence needed for opening of depository account
- SEBI has decided that DP should conduct in person verification of BOs at the time of opening dematerialized accounts.
- DPs shall ensure that the details like name of the person doing IPV, his designation, organization name with his signatures and date to be recorded on the KYC form at the time of IPV.
- DPs shall ensure that supporting documents submitted by clients must be verified against originals and should be affixed stamp for the same.
- DP should ensure that all supporting document attached on AOF should be self – certified by client only.
- DP staff should cross check with debarred entity master before activation of account.
- Each and every client who wants to open an account from January 1, 2012 with DPs has to submit KRA form with supporting documents.
- DP has to forward KRA within 10 working days from the date of account opening.

Know your Client Registration Agency System (KRA SYSTEM)

- SEBI has simplified the account opening process for investors and made it uniform across Intermediaries in the securities markets vide aforementioned circulars. Further, to avoid duplication of KYC process with every intermediary, KRA system was developed for centralization of the KYC records in the securities markets. The system was made applicable for new clients who opened accounts with the intermediaries from January 1, 2012. As per SEBI circular dated Dec 2 & Dec 23, 2011.
- For existing clients who trade / invest / deal with the intermediary anytime during the time period specified in the table given below starting from April 16, 2012, the intermediaries shall forthwith upload their KYC details in the KRA system. They shall also send original KYC documents to the KRA on continuous basis and complete the process within the prescribed time limits. As per SEBI circular dated April 13, 2012 where all the intermediaries are asked to upload the existing Clients KYC details to KRA agencies in a phased manner. Existing client means clients registered prior to 01.01.2012. Existing Clients has to provide KRA form along with photo copy of Pan Card and address proof which should be self attested.

Existing clients of intermediary who trade/invest/deal with it during the below mentioned time period	Timeline for intermediary to upload existing client's KYC data on KRA system & send KYC documents to KRA	Timeline for KRA to update the record in their system & send acknowledgement to the existing client
April 16, 2012 – June 15, 2012	August 31, 2012	September 30, 2012
June 16, 2012 - August 31, 2012	October 31, 2012	November 30, 2012
September 1, 2012 - October 31, 2012	November 30, 2012	December 31, 2012
November 1, 2012 - December 31, 2012	January 31, 2013	February 28, 2013
January 1, 2013 - February 28, 2013	March 15, 2013	March 31, 2013

5. INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

Basics of Account Opening

The following are some of the important aspects relating to Account Opening.

- There is no either or survivor (EORS) concept in a Depository Account.
- The Depository Account can be opened with NIL balance.
- There is no restriction on the number of Depository accounts, a client can open with a DP and across all DPs.
- Client has the option of giving Standing Instruction to his DP to accept any credits into his Depository Account, without any Receipt Instructions from his side.

Ensure while opening a De-mat Account

- Ensure AOF and DP Form should be updated with Circulars
- AOF and DP Form completely filled
- Bank Account particulars obtained
- Cancelled cheque obtained by client.
- Tally Bank Details with cancelled cheque
- Verify PAN details with IT Website
- Comply with instruction and checklist of KYC
- Obtain acknowledgement for Right and Obligation of DP with clients.
- Right & Obligation of DP Dispatched to existing client.
- Intimation of Charge structure/ Tariff, and Obtain acknowledgement on tariff sheet
- ID Proof, Address Proof, and Bank Details as per KYC Checklist
- Submitted documents (should be self attested)
- Conduct in person verification*
- Documents forward to KRA
- Filling of Nomination Form with declaration
- Record of nomination in Nomination Register/ or In Local DPM

Checklist before acceptance of Account Opening Form

- Client's Acknowledgement for DP-Client Right & Obligation
- Application form
- Supporting documents as per checklist.
- KRA form
- In person verification
- Bank proof

Verification of Documents

Verify the communication and mailing addresses of the applicant(s).

Passport, Ration card, Driving license, Voter ID card, Bank passbook, Verified copies of Electricity bills (not more than two months old) Residence Telephone bills (not more than two months old) / Leave and License agreement / Agreement for sale, self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts, identity card /documents with address, issued by (a) Central/state Government and its Departments (b) Statutory / Regulatory Authorities. (C) Public sector undertaking, (d) Scheduled Commercial Banks, (e) Public Financial Institutions, (f) Colleges affiliated to universities, and (G) Professional Bodies such as ICAI, ICWAI, Bar council etc. To their Members.

Verify the Proof of Identity of the applicant(s).

PAN card, Driving License, Passport, Voter Id Card, MAPIN card, Identity card/document with applicant's Photo, issued by (a) Central/state Government and its Departments, (b) Statutory /Regulatory Authorities, (c) Public Sector Undertaking (d) Scheduled Commercial Bank (e) Public Financial institutions (f) Colleges affiliated to Universities (g) Professional Bodies such as ICAI, ICWAI, Bar Council etc. to their Members, and (h) Credit Cards / issued Banks.

Bank Account Details: -

The applicant should mention details of his bank account, including account number, bank name and address and 9-digit branch code as appearing on the MICR cheques. Wherever felt necessary, the applicant may be asked to the details verified from the banker. Alternatively, copies of the latest bank statement and of cheques may be required. Verification from banker should invariably be required from applicants not introduced by an existing client.

Procedure of opening Demat Account

Account Categories

INDIVIDUAL ACCOUNTS

1. Ordinary Individual
2. NRI (Repatriable)
3. NRI (Non-Repatriable)
4. HUF
5. Minor Account

1. Ordinary Individual:-

As per SEBI directive DP has to record mandatorily nomination for all new accounts. Account holder has to sign the nomination page with declaration Yes or No for nomination.

- Pan Verification from IT website
- Rate structure signed by Beneficial owner
- Signing of Right & Obligation Between Depository Participant and Client

2. OPENING OF NRI ACCOUNTS

NRI accounts can be classified into the following categories

NRI (NON- REPATRIABLE)

Checklist before acceptance of Account Opening Form

1. Supporting documents as per checklist given by SEBI (Refer Checklist in AOF)
2. Foreign address proof
3. KRA form
4. In person verification as per SEBI directive
5. Documents to be verified by the Indian Embassy / Consulate General Notary Public, Any Court / Magistrate / Judge / Local Banker
6. NRO Bank proof
7. Obtain a declaration from the BO that he / she has complied and will continue to comply with FEMA regulations.

NRI (REPATRIABLE)

Checklist before acceptance of Account Opening Form

1. Signing of Right & obligation between DP-Client
2. Application form
3. Supporting documents as per checklist given by SEBI
4. Foreign address proof
5. KRA form
6. In person verification as per SEBI directive
7. Documents to be verified by the Indian Embassy / Consulate General Notary Public, Any Court / Magistrate / Judge, Local Banker
8. NRE Bank proof
9. Obtain a declaration from the BO that he / she has complied and will continue to comply with FEMA regulations.

HUF

Checklist before acceptance of Account Opening Form

1. DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. The depository account of an HUF can be opened only in the name of its Karta in case of NSDL and HUF
7. HUF accounts cannot be opened with joint holders and Nomination
8. In case of POA given by HUF should be accompanied by Signature of all the Co-parceners
9. In system PAN number to be entered of HUF entity instead of Individual
10. All the signature's of the Karta to be affixed with HUF stamp.

MINOR ACCOUNT

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. Birth Certificate
6. In person verification as per SEBI directive
7. A minor may open a depository account only through his guardian
8. Minor accounts cannot be opened with joint holders and Nomination

ILLITERATE ACCOUNT

Checklist before acceptance of Account Opening Form

1. Acknowledgement and Signing of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive (Page No.2)
6. At the time of opening an account with a Participant, must 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

On the instruction forms must be attested by a Magistrate or a Notary Public or a manager of the account holder's bank

8. Before capturing thumb impression of illiterate person DP should capture word “Illiterate” in signature module.

9. Welcome kit of Illiterate person should be send with mark Illiterate.

NON - INDIVIDUAL ACCOUNTS

- Corporate
- Partnership firm
- Trust

CORPORATE ACCOUNT

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. In case of NSDL introduction from Existing client or Bank is mandatory
7. Before capturing Signature DP should capture mode of operation as per Board Resolution in signature module

TRUST ACCOUNT

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. In case of NSDL introduction from Existing client or Bank is mandatory
7. Before capturing Signature DP should capture mode of operation as per Board Resolution in signature module
8. In case of Unregistered trust Account to be opened in the name of trustees and Pan number of Trust to be entered in System

6. NOMINATION

The Depository Account provides the facility for Nomination to the clients. Though the Company's Act does not provide for Nomination of shares, an Ordinance has been passed by the Parliament to amend the Act suitably to provide for the facility of nomination of shares. Depository provides the facility for nomination of shares anticipating the changes to the Company's Act 1956.

Individuals holding beneficiary accounts on their own behalf can give nomination, either singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. Nomination is also permitted for accounts with joint holders. But, in case of death of any of the joint holder, the securities will be transmitted to the surviving holder(s). In the event of death of all the joint holders, the securities will be transmitted to the nominee. At present only one nomination can be made for one depository account.

In case of NRI Accounts the NRI can nominate directly at the time of opening the account or at a later date. But, the power of attorney holder cannot nominate on behalf of NRI. An NRI can also be a nominee subject to the exchange control regulations in force from time to time.

The procedure for nomination is simple. The nomination form duly filled-in should be submitted to the DP either at the time of opening of the account or at a later date by filling nomination form. The account holder, nominee and two witnesses must sign the form. The name, address and photograph of the nominee must be submitted. In CDSL there is no requirement of nominee photograph and signature. The nomination given can be changed anytime by the account holder by filling up the nomination form once again and submitting it to the DP. In case of joint holders, all joint holders must sign on the requisition form.

In case of the death of the sole holder or all the joint holders, the nominee must submit a duly filled-in transmission form along with notarised copy of death certificate and an affidavit in the prescribed format. After verifying these documents, the DP will transmit the securities to the account of the nominee.

NOTE

- 1. As per SEBI directive DP has to record mandatorily nomination for all new accounts. Account holder has to sign the nomination page with declaration Yes or No for nomination**
- 2. Request for nomination should be made in nomination form as prescribed in DP Business Rules and Bye Law's**
- 3. Keep record of Nomination in Nomination Register or in DPM**

NOMINATION REGISTER

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

- Serial number
- Date of Registration
- Nomination Registration number
- Certificate of Cancellation of nomination
- Account number of the Client(s)
- Name(s) of the Clients(s)
- Address of the Clients(s)
- Name of nominee
- Address of nominee
- Schedule date of attaining majority (if the Nominee is a minor)
- All details of variation/cancellation of nomination with respective date
- Remarks and observation of the DP, if any
- In case the nominee is a minor, the DP shall ensure that a fresh photograph and the signatures of the nominee are obtained once in every five years.

The DP shall ensure that such register is maintained properly and is verified periodically. All the nominations received should be bound and preserved for record purposes. These records shall form part of the records of the DP.

7. CLIENT MODIFICATION

A client may change any of the following particulars in the depository system provided the depository has the provision to effect such change.

However, it may be noted that:

- All the changes have to be indicated to the DP in writing.
- Supporting documents are to be self attested by client.
- Client has to sign the application. In case of joint holding all of them are required to sign.
- A POA holder is not allowed to make such application

Changes in demographic details:

- **Father's/Husband's Name:** A change from father's name to husband's name may be necessary on account of marriage. It is not permitted in CDSL. The client has to provide sufficient identity proof to effect the change.
- **Occupation details:** Client can make changes in his occupation by written request without any supporting documents
- **Bank details** Client may change his bank details in depository system for corporate action and other benefits. For change in bank detail client has to provide original cancelled cheque and bank proof along with the modification form.
- **PAN Number:** Client can make change in PAN no in depository system by providing new Pan No with supporting Pan Card copy and surrender letter confirmation of old pan to Income Tax department.
- **E-mail addresses/telephone number/mobile number:** Clients may make these changes any time depending on their need by submitting a duly filled modification form. DP has instructed to confirm the details by sending a mail (in case of Email Id) or through a confirmation call (in case of contact numbers).
- **Change of Address:** Client can change their correspondence an permanent address by a written request .Client has to submit Identity proof for all the holders and new address proof
- **Change of Signature:** Client can make changes in signature as per their signatures registered in DP.A written request by client with bank attestation required to make changes in DP. Client has to provide reason for changing signature in application form

Changes in facilities/services opted:

- **Power of attorney:** If a client wishes to give Power of Attorney (POA) to any person, client should submit the POA agreement along with a photograph, PAN proof, address proof of the newly appointed POA holder. A POA holder, cannot open, close and nominate the account.
- **Standing instruction facility:** Client may activate or deactivate standing instruction by writing to DP. On deactivation of standing instruction client will not receive any shares in demat account.

- **Mode of operation/authorized signatories:** A Corporate BO may change its mode of operation or authorized signatory/ies. In such a case a board resolution mentioning the changes. Apart from board resolution fresh specimen signatures of all the signatories, Identity, photograph and address proof of newly appointed authorized signatories required
- **Nominee details:** In case of addition or change in nominee details, client has to submit a duly filled nomination form to effect the changes

Note: DP has instructed that after change of client details .DP should send intimation to client's registered address with DP. In case of change in address DP should send intimation to client's old and new address.

Change of Name:

- **Individual Clients**
The names of the account holders, cannot be changed after opening of demat account.
- **Corporate Accounts**
The facility for change of name in corporate accounts is available for Client type's viz., Body Corporate, Bank, Financial Institution (FI), Foreign Institutional Investors (FII), Mutual Fund (MF) and Trust.

The documents required at the time of change of name of Corporate are given below:

- (i) In case the entity is registered under the Companies Act, 1956, the following documents should be obtained from the Client:
 - Letter requesting for change of name signed by the authorized signatories.
 - Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.
 - Certified true copy of Board Resolution where the change in name was approved
 - List of authorized signatories along with the specimen signature duly verified by MD/Co. Secretary.
- (ii) In case of other corporate entities, the following documents should be obtained from the Client:
 - Letter requesting for change of name signed by the authorized signatories.
 - Certified true copy of Board Resolution for change of name.
 - Certificate of registration issued by SEBI / relevant Statutory Authorities, as applicable.

Note:

- While carrying out the modifications, the name of any existing account holder of an account can neither be deleted nor can any new name be added.
- DPs can only make changes to the name(s) of existing account holder(s) of the account. Not allowed in CDSL. However, CDSL DPs are required to forward the request along with documents to CDSL for effecting the change with the Depository.

8. DEMATERIALISATION

The primary function of the depository is the conversion of physical securities into electronic form. In other words dematerialisation is the process of conversion of physical shares in to virtual (Electronic) form.

The investor can dematerialise only those certificates that are already registered in his name and belong to the list of securities admitted for dematerialisation at Depository. Shares that are held in street name (market deliveries) cannot be dematerialised. The investor has an option to dematerialise part of his holdings for the same security. The certificates have to be accompanied by a demat request form (DRF) which can be obtained from his DP and there is no need for a transfer deed. Odd lot share certificates can also be dematerialised. Contrary to the belief, dematerialisation is not compulsory. According to the Depositories Act, 1996, an investor has the option to hold shares either in physical or in dematerialised form.

The process of dematerialisation is very simple. The customer after opening an account with the Depository Participant submits his physical shares for dematerialisation in the prescribed Dematerialisation Request Forms (DRF).

STEPS INVOLVED IN THE PROCESS OF DEMATERIALISATION

1. Client submits the Demat Request Forms to the Depository Participant alongwith the share certificates.
2. On submission of DRF by client .DP will check list of high demat pendency companies name from Depository web site.
3. DP will inform the client to deface the share certificates with two punch holes on the name of company with surrender for dematerialiation stamp with DP ID and Client Id stamp of Share Certificate.
4. DP lodges the request of the client in the Depository system and generates the Demat Request Number (DRN).
5. The DRN is electronically transmitted to the registrar through depository system and the details of the DRN are available with the registrar.
6. DP has to send demat shares with DRF form to registrar and transfer agents with 7 days from the date of DRF received at Head Office or at Branch.
7. The registrar upon receipt of shares from the DP tallies the physical shares received along with the electronic request lodged by the DP with Depository. The signature of the client as per the records of the registrar is also checked and if the signature and the details of the share certificates are found to be in order, the registrar dematerialises the shares and confirms credit to Depository.
8. The client's account with the DP is updated with the quantity of shares submitted for demat.

Transposition in Demat

The process of effecting changes in the order of joint names appearing on a security certificate is called Transposition. Joint holders can request a company to transpose names by way of letter and it does not require affixing stamp duty. If the joint holders do not want to open separate accounts, they can have the sequence of names on the certificates to tally with the sequence of names in which depository account is opened. As per CDSL DP operating instructions, such request is to be submitted along with physical certificates at the time of dematerialization.

Transposition cum Dematerialisation

The depositories have amended their Bye-Laws and procedure to enable investors to transpose names of the joint holders alongwith the process of dematerialisation through their DPs. Prior to this amendment, investors having shares in joint names (Mr. A & Mr. B), but in different sequence (Mr. B & Mr. A) were either required to open multiple accounts for each sequence (Mr. A & Mr. B and Mr. B & Mr. A) or to effect the transposition directly with the Issuer/R&T Agent and then dematerialise their securities through their DPs. In case of transposition-cum-dematerialisation, the Client can get securities dematerialised in the same account if the names appearing on the certificates match with the names in which the account has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and DRF.

Transmission in Demat

If the securities are held in physical form, the documents have to be sent to the company for effecting transmission. If the deceased shareholder had holdings in several companies, to effect transmission of securities, the relevant documents must be sent to each of the companies, along with the securities. Survivors have to follow-up with each of the companies in order to get the transmission effected before the book closure, if they wish to avail of the benefits accruing through such shares. In the depository system, such problems are mitigated as the securities are held as account balances in the electronic form.

Transmission and Dematerialisation of Securities

In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased removed from the security certificate(s) and get them dematerialized by submitting the security certificates along with the Transmission Form and the DRF to the Participant. Original or copy of the death certificate of the deceased holder(s), duly notarized or attested by a Gazetted Officer.

Procedure to be followed if Physical Securities are lost in Transit

In cases where the Issuer/RTA has received information, setup by the DP, 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 dispatch 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 favor of the Issuer/RTA. 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.

Facility for cancellation of pending demat requests

In cases where the clients have pending demat requests, Participants are not in a position to process the requests received from their clients for closure of accounts as certain Issuer companies are not confirming the requests for dematerialisation for a long time a facility for cancellation of pending demat request is introduced. The procedure in this regard is given below:

Client must submit a letter in prescribed format requesting to cancel the pending demat request in respect of those demat requests which are pending for more than 60 Days. Participant must submit a letter to the depository requesting it to facilitate cancellation of pending demat requests in prescribed format. After the pending dematerialisation request(s) is/are rejected/canceled, the Participant can close the account of such Clients.

9. REMATERIALISATION, REDEMPTION & REPURCHASE

A beneficial owner holding securities with a depository has a right to get his electronic holding converted into physical holding at any time. The beneficial owner desiring to receive physical security certificates in lieu of the electronic holding should make a request to the issuer of its registrar and transfer agent through his participant in the prescribed dematerialization request form (RRF).

Procedure of Rematerialisation: -

1. The participant should provide dematerialization request forms (RRF) to clients. The forms should be pre-numbered and proper record issued to each client should be maintained.
2. The client should complete RRF in all respects, and submit it to the participant. The participant should check RRF for validity, completeness and correctness. In particular the following point should be checked:
 - There is sufficient free balance available in the client's account to honour the dematerialization request.
 - The name of client on RRF is exactly the same as in the client account.
 - In case of joint holding the order of names appearing in RRF is the same as in the client's account.
 - Details like security type, face value, issuer's name and lock-in status are filled-in correctly.
 - The client has indicated his option to receive physical certificates either in jumbo lot for the entire quantity requested or in market lot.
 - Separate RRF are submitted for
 - Free and locked-in securities;
 - Securities locked-in for different reasons;
 - Each ISIN;
 - Securities of different paid-up value; and
 - Each client account.

RRF is signed by:

- The sole holder in case of single holding;
- All joint holders in case of joint holding ;
- Authorised signatories in the case of corporate accounts;
- Constituted attorney in the case of NRI accounts
- The signatures of the client as appearing in RRF match with the signatures in the record of the participants. In case the signatures do not match, the participant should
- Satisfy itself about the identity of the client. If considered appropriate, may insist on attestation of RRF from bankers of the client.
- If RRF is not found in order, the participant should return the RRF to the client for rectification.
- If RRF is found in order the participant should accept RRF and issue an acknowledgement to the client.
- The participant should enter the Rematerialisation request in DPM. DPM will generate a request number (RRN), which should be mentioned on RRF.

REDEMPTION (OR) REPURCHASE

1. In case the Issuer gives an option to the Client for repurchase or redemption of securities held in dematerialised form, the Client by exercising this option shall submit to the Participant the Redemption or Repurchase Request Form (RF) in the format given in Annexure HA.
2. The DP shall ensure that the client submits a separate Redemption Request/Repurchase Request (RF) for each security and for each account maintained by the client with the DP.
3. The DP shall ensure that the RF submitted by his client is filled in all respects and duly signed.
4. The DP shall verify the signatures on each RF with the signatures on the records held with it.
5. The DP shall ensure that the Client has sufficient free holdings in his account before executing the instructions and sending the RF to the Issuer or its Registrar and Transfer Agent.
6. The DP shall execute the instructions for Repurchase or Redemption of securities in the DPM (DP).
7. The DP shall authorise the RF and enclose the client details printed from the DPM (DP) and forward it to the Issuer or its Registrar and Transfer Agent.

The Issuer or its Registrar and Transfer Agent shall verify the form and if the request is in order, confirms the request for Redemption or Repurchase in the DPM (SHR) and pay the proceeds directly to the Client.

10. GOVERNMENT SECURITIES

DEMATERIALIZATION OF GOVERNMENT SECURITIES

1. Every Client desirous of getting the physical securities converted into dematerialised form shall submit the securities to the DP along with the Dematerialisation Request Form (DRF-GS) and the form of transfer prescribed by RBI. * (The specimen of the DRF-GS and the form of transfer prescribed by RBI are given in Annexure U and UA respectively.)*
2. Credit of securities into the Depository shall be made on account of dematerialisation of physical securities or on account of transfer from Subsidiary General Ledger (SGL) accounts maintained by other eligible entities or on fresh issue of securities in dematerialised form.
3. No dematerialisation request as provided in Rule above shall be entertained by the DP other than from a registered holder of securities.
4. A Client may convert his physical holding of securities into dematerialised form by making an application to the DP in the Dematerialisation Request Form for G-Secs (DRF-GS) along with relevant security certificate and Form of transfer prescribed by RBI as contained in the Business Rules.
5. A Client may transfer his holdings in dematerialised form held in an SGL account with other eligible entity by making an application to the DP in the Dematerialisation Request Form for G-Secs (DRF-GS) as prescribed under the Business Rules along with SGL transfer documents as prescribed under Rules of RBI duly executed by the other eligible entity from whose SGL account the transfer is sought.
6. Every Client desirous of transferring his holdings in dematerialised form held in an SGL account with other eligible entity shall submit to the DP SGL transfer documents as prescribed under Rules of RBI duly executed by the other eligible entity along with the Dematerialisation Request Form for G-Secs (DRF-GS).
7. The Participant shall ensure that the DRF-GS submitted by its Client is duly filled and signed.
8. The DP shall forward the DRF-GS to the Depository only after ascertaining that the face value of certificates annexed with the DRF-GS tallies with the face value of certificates mentioned on the DRF-GS. The DP shall also verify the details of the certificates submitted for dematerialisation with the details filled up in the corresponding DRF-GS.
9. The DP shall ensure that the certificates submitted for dematerialisation are endorsed on the reverse, in the space provided, with the words "Tendered for Cancellation and Credit

to SGL A/c. no. Sdsjd0835 of National Securities Depository Limited, Mumbai" in the manner laid down in Annexure UB.

10. The DP shall ensure that the client has filled the following on the DRF-GS:
11. Enter the option exercised as "Submitting Physical G-Sec to NSDL"
12. Account No.
13. Account Holder Name
14. Name of the Security
15. Face Value of Securities to be Dematerialised (In words and Figures)
16. Certificate Number-The responsibility to ensure safety and security of the certificates submitted for dematerialisation will be on the DP till the certificates are forwarded to the Depository.
17. The DP shall not deface or mutilate the certificates either by punching holes or by any other means.
18. The DP shall ensure that a separate DRF-GS is filled in by the Client for securities having distinct ISINs.
19. The DP shall ensure that the Client submits a separate DRF-GS for each of the accounts maintained with the DP.
20. The securities requested for dematerialisation shall be credited to the accounts maintained with a DP only when the pattern of holding in the account of the Client matches with the pattern of holding as per the security certificates.*(The explanation of such pattern of holding is given in Annexure F)*. Provided however that, in case of transfer of holdings from an SGL account with other eligible entity, credit may be allowed when the securities are in the name of the other eligible entity.
21. In the case of securities which have been submitted for dematerialisation for which any objection memo has been received from the Depository, the DP shall facilitate the correction of such objections on a timely basis.
22. The DP shall forward the DRF-GS and the documents so received, along with the security certificates, wherever applicable, to the Depository after electronically registering such a request in the DPM. The DP shall forward such DRF-GS to the Depository not later than seven days
23. In case of issue of securities in electronic form, the account of the Client maintained with the DPs shall be credited with such securities issued only when the pattern of holdings of such account matches with the pattern of holding given in the allotment statement. *(The pattern of such holding has been explained in Annexure F.)*

24. The Depository shall cause the necessary credit entries to be made in the account of the Client concerned, after obtaining prior approval from RBI for conversion of physical securities into SGL balances or for transfer of balances from SGL account maintained by other eligible entities, as the case may be.
25. Where any dematerialisation request is rejected by RBI, the Depository shall electronically intimate the DP regarding such rejection within a period of seven days.
26. On receipt of rejection of the dematerialization request, the Depository shall return the DRF along with the relevant security certificates and documents submitted by the Client unless the reasons for such rejections are:-
27. The security certificates lodged by the Client are reported to be stolen;
28. The security certificates are reported to be forged or fake;
29. An order from a court or a competent statutory authority restraining the Depository from doing so;
30. Any other reason which in the opinion of RBI, that it would not be proper to return the security certificates.

Withdrawal of government securities from the depository

1. Every Client desirous of withdrawing the securities either by getting physical certificates or by transferring to an SGL account with other eligible entity shall submit to the DP the Rematerialisation Request Form (RRF-GS). *(The specimen of RRF-GS is given in Annexure UC.)*
2. The DP shall ensure that the Client submits a separate RRF-GS for each security and for each account maintained by the Client with the DP.
3. The DP shall ensure that the RRF-GS submitted by its Client is duly filled and signed.
4. The DP shall ensure that the Client has sufficient holdings free of encumbrances or lien in its account before sending the RRF-GS to the Depository.
5. The DP shall verify the signatures on each Rematerialisation request with the signatures on the records held with it and authorise each RRF-GS before forwarding it to the Depository
6. On receipt of the RRF-GS, the DP shall check whether sufficient free relevant security balance is available in the account of the Client. If there is sufficient balance, the DP shall accept the said RRF-GS and block the balance of the Client to the extent of the requested quantity and electronically intimate the request to the Depository.
7. The DP shall enclose the Client details printed from the DPM and forward the same along with the RRF-GS to the Depository.

8. The DP shall forward the RRF-GS to the Depository within seven days of accepting such request from the Client. The Depository shall forward the Rematerialisation request to RBI in the form prescribed by RBI.
9. In case the request was for physical certificates, the Depository shall receive, from RBI, the physical certificates in its name and execute a form of transfer as prescribed by RBI in favour of the Client. The Depository shall confirm the acceptance of RRF-GS electronically and forward the physical certificates along with the form of transfer to the Client directly.
10. In case the request was for physical certificates, the Depository shall receive from RBI the physical certificates in its name and execute a form of transfer as prescribed by RBI in favour of the Client.
11. In case the request was for transfer to an SGL account with other eligible entity, the Depository shall confirm the acceptance of RRF-GS electronically to the Participant, after obtaining approval from RBI.
12. In case the request was for transfer to an SGL account with other eligible entity, the Depository shall confirm the acceptance of RRF electronically to the Participant, after obtaining approval from RBI.
13. On receipt of such confirmation from RBI as mentioned in Clause above, the Depository shall remove the balances from the respective Participant's account and the Participant shall remove the balances from the respective Client's account.

Transaction in government securities

1. The Participant shall effect a debit or credit to the accounts of its Clients only on receipt of proper authorisation from the Clients in the forms. *(laid out in Annexure L and M.)*
2. Alternatively, a Client may give standing instructions to its DP to credit its account.
3. In case of purchase of Government Securities by a Client from a seller, holding securities in an SGL account with other eligible entity, the Client shall submit, to the DP, *(purchase instruction in the format given in Annexure UE)*. The Client shall also make necessary funds available to the Depository for the purchase of these securities.
4. In case of sale of Government Securities by a Client to a buyer who maintains an SGL account with other eligible entity, the Client shall submit to the DP, *(Sale Instruction in the format given in Annexure UD.)* The Depository shall make necessary funds available to the Client against sale of these securities.

Corporate Benefits with respect to Government Securities

1. The Depository shall inform all the DP about the shut period (book closure) for Government Securities as and when scheduled by RBI.
2. All DPs must ensure that :
 - a. Changes such as bank details, address, etc. In the beneficial owner accounts are updated well in advance of the interest payment and/or redemption payment due date;
 - b. They remain connected till the EOD of the interest payment due date and/or redemption payment due date.
3. The Depository shall distribute the interest to the Clients who have balances in Government Securities, for which interest payment is due, at the EOD of the interest payment due date, after the same has been made available to the Depository by RBI.
4. The Depository shall pay the redemption amount to the Clients who have balances in Government Securities, due for redemption, at the EOD of the redemption due date, after the redemption amount have been made available to the Depository by RBI.
5. The Depository shall pay the amount mentioned, to the clients directly or to the bank account of the Client as per the details given in the Account opening form.

RECORDS TO BE MAINTAINED BY DEPOSITORY WITH RESPECT TO GOVERNMENT SECURITIES:

The Depository shall maintain the following records with respect to the Government Securities for a period of five years:-

1. DRF-GS filled by the Client;
2. Certificate details of securities received for dematerialisation;
3. Objection memo and certificate details of the rejected securities against the DRN;
4. RRF-GS submitted by the Client;
5. Proof of delivery of Government Securities which have been sent to the Client after Rematerialisation;
6. A register showing details of grievances received from Clients and their present status.

11. ACCOUNT TRANSFERS

- The electronic transfer of shares from one account to another are referred to as Account Transfers. Such transfers can be effected between various clients within the same Depository or between various depositories.
- Delivery Instructions or Account Transfer instructions are given by the clients to the DP to effect the transfer from one account to another. The transfer of shares could be from one Beneficiary account to another, from Pool account to a Beneficiary account, from Pool Account to Clearing Corporation, Inter settlement instruction, Inter Depository instruction etc.
- The transactions done by the brokers in the exchange must result in the delivery or receipt of shares. The sales effected by the brokers on behalf of their client must result in delivery to the Clearing Corporation and likewise the purchases made by the broker on behalf of their client must result in delivery of shares to the clients. The intermediaries involved in this process are the Clearing Members, DPs and the Clearing Corporation.
- Every selling client has an obligation to delivery shares to the broker who in turn has an obligation to deliver the shares to the Exchange/Clearing Corporation. The exchange/Clearing Corporation then delivers the shares to the buying broker
- Hence the main role of the DP is to effect the transfer of shares in the accounts of the various intermediaries.

❖ The Delivery Instructions given by Clients can be broadly categorized into

- **Market Trades**
- **Off-Market Trades**

1. Market Trades:

The transfer of securities from the Beneficiary Account to a Clearing Member Pool Account is a Market Trade. The client having sold the shares through the Clearing Member (CM) has to transfer the shares to the CM for delivery of shares to the Clearing Corporation

The following are the details to be filled up by the client for execution of Market Trade.

- **CM BP ID:** Clearing Member - Business Partner ID is allotted by NSDL to the broker. A broker can open only one CM account with a DP. He cannot open multiple CM accounts. The CM_BP ID is a unique identification given to the DP across the Depository. A CM has different CM-BP IDs for different exchanges.

- **Settlement Number:** In the stock exchange, trading is done in a particular settlement. All trades for that particular settlement must be settled on the Pay-in date (Annexure A). On the Pay-in date, the CM has an obligation to transfer the shares sold during the settlement to the Clearing Corporation. The transfer to the Clearing Corporation should be for the particular settlement only. The shares cannot be transferred into the CM Pool Account for a past settlement; they can be only for the current settlement. The client has to ensure that the instructions for transfer are given to the DP well before the NSDL deadline for the settlement.

The settlement numbers vary across the various stock exchanges. As the clients trade with brokers of various exchanges, the settlement numbers are different for different clients and different brokers. Hence the DPs have to be extremely cautious in accepting the instructions and executing the same well in time before the deadline.

- **Market Type:** There are different market type under which trading is done in exchanges. The most common market type is "Normal or Rolling" market type. Under this market type the settlement is usually for a period of T+2 working days.. The list of scrips under the rolling segment is decided by Securities and Exchange Board of India (SEBI).
- **Execution Date:** In the depository environment, there is a provision for future dated execution dates. Execution date is the date on which the client's account is actually debited and the shares transferred to the counter party. The client can give an instruction on 10/XX/XXXX and mention the execution date as 15/XX/XXXX. The account of the customer will be actually debited on 15/XX/XXXX in this case. The execution date should not be later than the Pay-In date for that particular settlement.

2. Off-Market Trades:

The transfer of shares from one Beneficiary Account to another constitutes an Off-Market Trade. The transfers are effected between two accounts of clients without the involvement of the broker. The Off-Market trades can be the transfers from one client account to another or from the client's account to the sub-broker's account or from the Beneficiary account of the Clearing Member to the client's accounts.

As per SEBI directive client has to give reason /consideration for doing off market transfers on DIS slip.

- Those instruction DIS slip single record has value more than 5 Lac has to be re verify by Two Level Verification procedures.
- Those DIS slip coming under Dormant Category should be compulsorily confirm to client on his registered Tel/ Mobile No.
- All off Market trades should be released after making call confirmation to client on his registered Tel/ Mobile No.
- DIS should be serial numbered.
- Same DIS slip shall not be used for off market & on markets Trade

The following are the details to be filled in by clients for execution of Off-Market Trades.

- 1. DP ID:** In case of Off-Market trades, the shares are transferred from one beneficiary account to another, within the same DP or Inter DP. The customer needs to mention the DP ID of the counter-party to whose account the shares are to be transferred.
- 2. Client ID:** The client needs to furnish the client ID of the counter-party to whom the shares have to be transferred. The combination of DP ID and client ID is of utmost importance as any mistake may transfer to a completely different account since the Client Ids are unique within a DP but not across all DP's.
- 3. Execution Date:** The client needs to mention the date on which he wishes to transfer the shares to the counter-party.

SETTLEMENT SCHEDULE

The Depository shall inform the DPs and the Clearing Corporation the date and time before which the DP can execute the instructions to move securities from the Client's account to the Pool account of the Clearing Member and can execute delivery-out instructions to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member.

PAY-IN OF SECURITIES

1. The Clearing Member may give receipt instructions to its DP for crediting its Pool account in the form laid down in Annexure M. alternatively; a Clearing Member may give standing instructions to its DP to credit its Pool account.

2. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
3. The DP shall then execute the instructions of the Clearing Member to credit the Pool account of the Clearing Member.
4. The Clearing Member may give delivery-out instructions to its DP to move securities from its Pool account to its Delivery account in the form laid down in Annexure S.
5. The Clearing Member may give a delivery-out instruction to the DP to move securities from its Pool account to its Delivery account on irreversible basis in the format prescribed at Annexure S. Such instructions once effected shall not be modified or cancelled by the Clearing Member.
6. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
7. The DP shall execute the delivery-out instruction to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member.
8. The instructions to move securities from the Client's account to the Pool account of the Clearing Member and the delivery-out instructions to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member shall have effect only before the NSDL Deadline for the relevant settlement.
9. The delivery-out instructions given by the Clearing Member shall constitute an authorisation to the Depository to debit the Delivery account of the Clearing Member by crediting the NSCCL transit account for the relevant settlement.
10. The Depository shall, after the pay-in time, move the securities from the Delivery accounts of the Clearing Members to the NSCCL transit account for the relevant settlement.
11. The Depository shall provide the information to the NSCCL about the credits to their transit account by giving CC-CM-Id, ISIN and quantity for the relevant settlement
12. The NSCCL shall compare the CC-CM Id and the ISIN with its records and will give instructions to the Depository to move the securities from the NSCCL's transit account to the NSCCL settlement account.
13. The Depository shall on receipt of such instructions, move the securities from the NSCCL transit account to the NSCCL settlement account for the relevant settlement.

PAYOUT OF SECURITIES

1. After verification of payment received for the relevant settlement, the NSCCL shall give instructions to the Depository on the pay-out time to debit its NSCCL settlement account and

credit the CM accounts giving the CC-CM Id, ISIN and the quantity for the relevant settlement.

2. The NSCCL shall not give instructions for crediting the CC account and CM accounts with securities either less than or in excess of the securities lying in the CC settlement account for the relevant settlement.
3. The Depository shall, on receipt of the instructions from the NSCCL, debit the NSCCL settlement account and credit the Receipt-in accounts of the Clearing Members and immediately thereafter move securities from the Receipt-in accounts to the Pool accounts of the Clearing Members.
4. The Clearing Member may give instructions to its DP to debit its Pool account and credit the Client's accounts in the form laid down in Annexure T.
5. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
6. The DP shall execute the instructions of the Clearing Member to debit its Pool account and credit the Client's accounts.

INTER-SETTLEMENT INSTRUCTIONS

1. The Clearing Member may for the purpose of moving securities within its Pool Account submit an inter-settlement instruction form to the Participant as laid down in Annexure SS.
2. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
3. The DP shall execute the instructions of the Clearing Member to move securities within its Pool account.

CM POOL TO CM POOL INSTRUCTIONS

1. The Clearing Member may give instructions to its DP to debit its Pool account and credit the Pool account of another Clearing Member in the form laid down in Annexure ST.
2. The Clearing Member may give receipt instructions to his DP for crediting its Pool account from Pool account of another Clearing Member in the form laid down in Annexure SU. Alternatively, a Clearing Member may give standing instructions to its Participant to credit its Pool account.
3. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
4. The DP shall execute the instructions of the Clearing Member to debit/credit the Pool account of the Clearing Member

12. TRANSFER OF SECURITIES

A client having an account with a DP has the facility to receive credit for purchase of securities in electronic form. Similarly, a client can sell its securities held in electronic form. In case a client sells its dematerialised securities, it must give a debit authorisation to the participant in the form of a delivery instruction form, in the market trades, the client will be required to transfer its securities to the Pool account of the clearing member. In case a client purchases dematerialised securities it must give a credit authorisation to the participant in a receipt instruction form. In the market trades the client will be receiving securities from the Pool account of the clearing member to its account.

The clients are required to mention the counterparty account details in the delivery/receipt instruction form. The source and target accounts may be with the same DP (intra DP) or may be with two different DP (inter DP).

Transfer of securities in a depository system can be done both for market trades as well as off-market trades.

Intra-DP

Transfers executed between accounts held with the same Participant are intra-DP transfer. For executing an intra-DP transfer, the Participant, after checking the validity of debit and credit instructions, needs to enter a single instruction in the DPM system.

Inter-DP

Transfers executed between accounts held with two different Participants are Inter-DP transfers. For executing an inter-DP transfer, each of the Participant will enter the respective debit and credit instructions in their respective DPM systems after checking the completeness and validity of the instructions. An inter-DP transfer takes place only after the debit and credit requests are matched by DM.

13. TRANSMISSION OF SHARES

DP shall effect the transmission of security balances of any Client due to death, lunacy, bankruptcy, and insolvency or by any other lawful means other than transfer. The person on whom the shares devolve has to prove his entitlement by submitting appropriate documents and seek transmission. If the securities are held in the depository system, documents have to be submitted to the DP. The process of transmission through a depository is simple as well as quicker because the successor to the title interacts only with one entity i.e., his DP.

Transmission of Securities held singly in the Depository with nomination

Upon the death of the sole holder the nominee shall request the Participant in writing with following documents.

1. Transmission form signed by Nominee.
2. Original death certificate or a copy of the same (duly notarized/attested) issued by the competent authority.
3. Client Master Report if Nominee have DP account with any another DP.
4. On completion of transmission DP shall close the account of the deceased BO.
5. Transmission will be done to the surviving member/members only.
6. On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

Transmission of Securities held jointly in the Depository

In case of death of one of the Clients in a joint account, the surviving Client(s) shall request the Participant to transmit the balances lying in the Client account to the account of the surviving Client(s). The surviving Client(s) shall make following documents.

1. Transmission form signed by surviving holder.
2. Original or a copy of the death certificate duly notarized / attested by a gazette officer.
3. The surviving joint holder(s) will have to open a new account with the DP in their name(s).
4. Client Master Report of surviving holders.
5. On completion of transmission DP shall close the account of the deceased BO.
6. Transmission will be done to the surviving member/members only.
7. On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

Transmission of Securities held singly in the Depository without nomination

The legal heir(s) or legal representative(s) of the deceased account holder have to make a request, in the prescribed form to the DP for transmitting the balances lying in the account of the deceased to their account. The following documents have to be submitted with the request for transmission.

- Transmission Form
- Copy of the death certificate duly notarised
- Letter of Indemnity duly supported by a guarantee of an independent Surety acceptable to the Participant, made on appropriate non judicial stamp paper.
- An Affidavit made on appropriate non judicial stamp paper.
- No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
- On completion of transmission DP shall close the account of the deceased BO.
- On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

NOTE

Refer Circular No. NSDL/POLICY/2013/0138 Dated November 29, 2013

14. FREEZING OF AN ACCOUNT

1. A Client may freeze its account in the manner provided under the Bye Laws by making an application to the DP in the form specified in Annexure P. The Client may defreeze its account frozen in the manner specified in the Bye Laws by making an application in the form specified in Annexure P.
2. The Participant shall ensure that the form is complete and the signature of the Client is valid.
3. The Participant shall freeze the account of a Client maintained with him on written instructions received by the Participant in that regard from the Client concerned in the form specified under the Business Rules.
4. The DP shall freeze the account of a Client on written instructions received by him in this regard from the Depository pursuant to the orders of the Central or State Government, Securities and Exchange Board of India or any order passed by the court, tribunal, or any statutory authority in this regard.
5. Provided further that the frozen account shall be released on instructions from the Client in the case of Bye Law above and the orders of the relevant authority in the case of Bye Law above.
6. On the orders passed by the Disciplinary Action Committee on disciplinary grounds to that effect set out in Chapter 11 of the Bye Laws relating to Disciplinary Action.
7. If the Participant becomes insolvent, bankrupt or in case of a body corporate, being wound up.
8. Provided further that the frozen account may be released on instructions of the relevant authority in the case of Bye Law above.

CLIENT INITIATED DEFREEZING OF AN ACCOUNT

A client whose account is frozen may request its Participant to defreeze its account by reactivating it. The Participant has the facility in the DPM to defreeze an account. The account is reactivated and transactions are allowed on the account thereafter.

Procedure

- The client will submit a request to the Participant in the form vide Business Rules Annexure P for defreezing its account.
- On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

- The Participant will verify the signature of the client as on the form with the specimen available in its records. In case of signature difference the Participant will ensure the identity of the client.
- If the request form is in order, the Participant will change the status of the client's account to "ACTIVE", on the date mentioned by the client on the form. The Participant will enter the reason for change in status as "request from the client".
- The Participant will intimate the change in status to the client.

SUSPENSION OF A CLIENT ACCOUNT

A Participant has the facility in the DPM to suspend a client account in case it receives a directive/order to the effect from NSDL, Income-tax or judicial authorities. The frozen holdings cannot be moved out of the account by the client. The Participant will intimate the client of suspension of its account

Procedure for suspending an account

- On receipt of a directive/order for suspending a client account, the Participant will change the account status in the DPM from "ACTIVE" to "SUSPENDED FOR DEBIT" or "SUSPENDED FOR ALL". It will record the reason for the status change as "directive/order of the concerned authority" e.g., "order of the High Court of Mumbai".
- The Participant will intimate the client about the suspension of its account. In case of clearing member client, the Participant will intimate the clearing corporation also of the suspension.

Procedure for revoking suspension of account

- The status will be changed to "ACTIVE" on receipt of a directive to revoke such suspension from NSDL or authorities mentioned above. The Participant records the reason for the status change as a directive from the concerned authority
- The Participant will intimate the client about the revoking of the suspension

15. CLOSURE OF ACCOUNT

A Client desiring to close an account shall make an application in the form specified in Annexure Q. The Participant shall ensure that the form is complete and the signature of the Client is valid.

The Client may close its account if no balances are standing to its credit in the account. In case any balances exist, then the account may be closed in the following manner: -

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 shall ensure that all pending transactions as well as suspended accounts have been adjusted before closing such account. After ensuring that there are no balances in the Client account, the DP shall execute the request for closure of the Client's account.

As per SEBI circular No MRD/DoP/Dep/CIR-22/05 dated November 9, 2005.

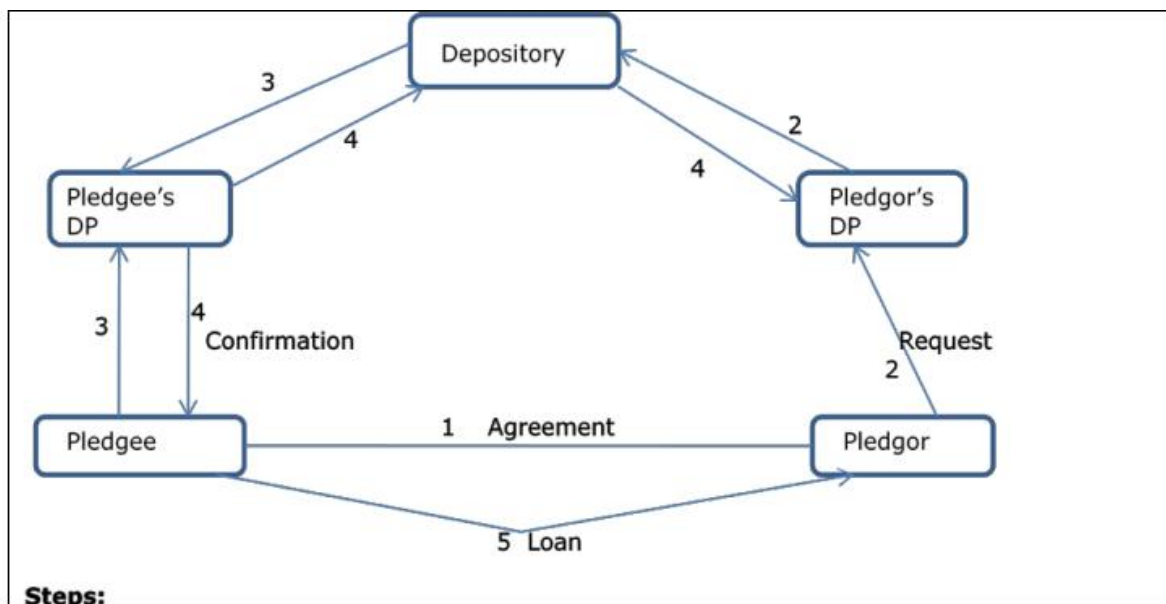
With effect from January 09, 2006 (Monday), no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership”.

16. PLEDGE AND HYPOTHECATION

The creation of pledge and hypothecation against securities which are held in demat mode is permitted under section 12 of the Depositories Act, 1996. Securities (free balances / lock-in balance) held in a depository account can be pledged or hypothecated against a loan, credit, or such other facility availed by the beneficial owner of such securities. For this purpose, both the parties to the agreement, i.e., the pledgor and the pledgee must have a beneficial account with the same depository as inter-depository pledge is presently not permitted. However, both parties need not have their depository account with the same DP. The nature of control on the securities offered as collateral determines whether the transaction is a pledge or hypothecation. If the lender (pledgee) has unilateral right (without reference to borrower) to appropriate the securities to his account and if the borrower (pledgor) defaults or otherwise, the transaction is called a pledge. If the lender needs concurrence of the borrower (pledgor) for appropriating securities to his account, the transaction is called hypothecation.

PROCEDURE FOR PLEDGE/HYPOTHECATION

The pledgor initiates the creation of pledge/hypothecation through its DP and the pledgee instructs its DP to confirm the creation of the pledge. The pledge/hypothecation so created can either be closed on repayment of loan or invoked if there is a default. After the pledgor has repaid the loan to the pledgee, the pledgor initiates the closure of pledge/ hypothecation through its DP and the pledgee instructs its DP to confirm the closure of the pledge/hypothecation. If the pledgor defaults in discharging his obligation under the agreement, the pledgee may invoke the pledge/ hypothecation. This has to be done after taking the necessary steps under the terms of the agreement with the pledgor and as stated in the Bye-Laws of the depository and rules and regulations framed by SEBI.



PLEDGE

PROCESS FLOW WITH REGARD TO PLEDGE

- If a Client intends to create a pledge on a security owned by him, he shall make an application in this regard in the form specified in the Business Rules to the Depository through the DP, who has his account in respect of such securities,
- The pledgor and the pledgee must have an account in the Depository to create a pledge. However, the pledgor and the pledgee may hold an account with two different DPs.
- The DP of the pledgor shall request creation of pledge on receipt of the pledge creation form as laid out in Annexure W from the pledgor.
- The DP of the pledgee shall request confirmation of creation of pledge on receipt of the pledge creation confirmation form as laid out in Annexure W from the pledgee.
- On receipt of the request and confirmation for creation of pledge from the pledgor and pledgee respectively through their DPs, the Depository may create the pledge,
- The DP of the pledgor shall request closure of pledge on receipt of the pledge closure form as laid out in Annexure W from the pledgor.
- The DP of the pledgee shall request confirmation of closure of pledge on receipt of the pledge closure confirmation form as laid out in Annexure W from the pledgee.
- On receipt of the request and confirmation for closure of pledge from the pledgor and pledgee respectively through their DPs, the Depository may close the pledge.
- The DP of the pledgee shall request invocation of pledge on receipt of the pledge invocation form as laid out in Annexure W from the pledgee,
- On receipt of the request for invocation of pledge from the pledgee through its Participant, the Depository may amend its records,
- The aforementioned forms submitted by the pledgor and pledgee shall be checked by the DP to ensure the completeness of the form and validity of the signature of the pledgor or pledgee ,DP ID and Client Id ,ISIN and Company Name and Quantity before the requests on these forms are executed.
- The Depository, after receiving confirmation from the DP of the pledgee through an application made by the pledgee to the DP in the form specified in Business Rules in this regard, shall within fifteen days of the receipt of the application create and record the pledge and send an intimation of the same to the DPs of pledgor and pledgee,
- On receipt of the intimation under Bye Law above, the DPs of both the pledgor and the pledgee shall inform the pledgor and the pledgee respectively of the entry of creation of the pledge.

- If the Depository does not create the pledge, it shall within fifteen days of the receipt of application under Bye Law send along with the reasons, intimation to the DPs of the pledgor and the pledgee
- The pledgor or pledgee may request cancellation of the entry of pledge made under Bye Law by making an application in the form specified in this regard in the Business Rules to the Depository through its DP.
- The DP shall make a note in its records, of the cancellation of the entry of pledge and forward the request to the Depository,
- The Depository, after receiving prior confirmation from the DP of the pledgee through an application made by the pledgee to the DP in the form specified in Business Rules in this regard, shall cancel the entry of pledge made under Bye Law and send an intimation of the same to the DPs of pledgor and pledgee.
- The pledgee may invoke the pledge made under Bye Law, subject to the provisions of the pledge document, by making an application in the form specified in this regard in the Business Rules, to the Depository through its DP.
- The DP shall make a note in its records, of the request of invocation of the entry of pledge and forward the request to the Depository,
- The Depository, on receipt of a request under Bye Law , shall invoke the pledge and amend its record accordingly to register the pledgee as a beneficial owner of the securities and shall thereafter, send intimation of the same to the DP of the pledgor and the pledgee,

HYPOTHECATION

- If the Client intends to create hypothecation on the securities owned by him, he may do so in accordance with the provisions of Bye Laws.
- The DP of the hypothecator shall request creation of hypothecation on receipt of the hypothecation creation form as laid out in Annexure W from the hypothecator.
- The DP of the hypothecate shall request confirmation of creation of hypothecation on receipt of the hypothecation creation confirmation form as laid out in Annexure W from the hypothecate.
- On receipt of the request and confirmation for creation of hypothecation from the hypothecator and hypothecate respectively through their DP, the Depository may create the hypothecation.
- The DP of the hypothecator shall request closure of hypothecation on receipt of the hypothecation closure form as laid out in Annexure W from the hypothecator.

- The DP of the hypothecate shall request confirmation of closure of hypothecation on receipt of the hypothecation closure confirmation form as laid out in Annexure W from the hypothecate.
- On receipt of the request and confirmation for closure of hypothecation from the hypothecator and hypothecate respectively through their DP, the Depository may close the hypothecation.
- The DP of the hypothecate shall request invocation of hypothecation on receipt of the hypothecation invocation form as laid out in Annexure W from the hypothecate.
- The DP of the hypothecator shall request confirmation of invocation of hypothecation on receipt of the hypothecation invocation confirmation form as laid out in Annexure W from the hypothecator.
- On receipt of the request and confirmation for invocation of hypothecation from the hypothecate and hypothecator respectively through their DPs, the Depository may amend its records.
- The aforementioned forms submitted by the hypothecator/hypothecate shall be checked by the DP to ensure the completeness of the form and validity of the signature of the hypothecator/hypothecate before the requests on these forms are executed.
- No transfer of security in respect of which a notice or entry of pledge or hypothecation is in force shall be effected by a DP without the prior concurrence of the pledge or the hypothecate as the case may be.

17. CORPORATE BENEFITS

Corporate actions are events, which affect the rights, obligations and/or interests of the beneficial owners of the securities held in a depository. The most common examples are payment of interest, dividend, bonus shares, rights, splits, merger, redemption, payment of call money, liquidation etc. For securities held in a demat mode, the depository facilitates the execution of corporate actions. The depository Bye-Laws define corporate benefits to mean and include any action taken by the issuer relating to prescribing dates for book closures, record dates, dates for redemption or maturity of security, dates of conversion of debentures, warrants, call-money dates and such other action from time to time.

Corporate actions can be categorized into two types:

- 1) Cash corporate
- 2) Non-cash corporate actions

CORPORATE ACTIONS: CASH

Cash corporate actions involve distribution of monetary benefits, e.g., dividend and interest etc. In case of cash corporate actions, depository merely provides information to the Issuer about the persons entitled to receive corporate benefits.

CORPORATE ACTIONS: NON CASH

Non-cash corporate actions involve distribution of benefits other than cash such as bonus issues, offer of shares on right basis, conversion of securities, etc. In case of non-cash corporate actions, depository may facilitate the distribution of corporate benefits. Presently the depositories in India facilitate the distribution of non-cash corporate benefits.

PROCEDURE

Whenever a corporate action is announced, the Issuer / its R&T Agent, informs the depository about the proposed corporate action. The information of the corporate actions is made available to the DPs through the depository system. On receiving such information, DPs take the following steps to ensure that: the changes in tax status, bank details, change of address etc. in the beneficial owners' accounts are updated well in advance of the book closure/record date; all positions in the transit accounts, e.g., settlement accounts and intermediary accounts, are cleared and the balances lying therein are transferred to the relevant beneficiary accounts well in advance of the book closure/record date as per the instructions received from account holders.

On the relevant cut-off date announced for the corporate action, the depository provides the details of the holdings of the beneficial owners to the Issuer / its R&T Agent. The details

provided by the depository include the particulars of tax-status, if any of the beneficial owner and his bank account details. Securities balances lying in the accounts of the Clearing Members / Clearing Corporations / Intermediaries will be eligible to receive corporate benefits. In such cases, the Issuer or its RTAs will distribute the corporate benefits to the Clearing Members / Clearing Corporations / Intermediaries for onward distribution to the beneficial owners. The corporate benefits availed by Clearing Members / Clearing Corporations and intermediaries shall be held in trust on behalf of the beneficial owners.

18. SERVICES - PUBLIC OFFERINGS

The primary market provides the channel for raising funds from investors through sale of new securities; the issuers of securities issue (create and sell) new securities in the primary market to raise funds for investment and/or to discharge some obligation. The issue of securities in the primary market can be made by a new company, a new company promoted by an existing company, an existing public listed company, or an existing public unlisted company. They do so either through public issues (initial public offer or follow on public offer) or private placement. According to the Companies Act, 1956 (section 68B) every listed public company, making an initial offer of any security of Rs. 10 crore and above has to issue it only in dematerialised form in accordance with Depositories Act, 1996. To encourage issue of securities in demat form,

SEBI has issued the following guidelines for public issues in electronic mode:

Issuer shall be required to enter into agreement with all the depositories. Issuer shall give an option to subscriber/investor to receive the physical certificates or hold the securities in electronic mode with the depository. In order to eliminate the risks to investors on account of fake/forged certificates, bad deliveries, delays in transfer, etc., trading in securities of company making an IPO shall be in demat form only.

19. MIS AND RECORDS

The DP shall furnish a transaction statement including statement of accounts, if any, to every Client, who has opened an account with it, giving the details of the security-wise balances in the accounts of the Clients. Such a statement shall be furnished to the Clients at fortnightly intervals unless the Client and DP have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the DP shall provide such statement to the Client at least once a quarter.

The Depository may directly send to Clients chosen at random, the details of security-wise holdings in the accounts of those Clients, to facilitate cross checking with the transaction statement including statement of accounts, if any, furnished by the DP.

RECORDS TO BE MAINTAINED BY THE PARTICIPANTS

Every DP of the Depository shall maintain the following records relating to its business for a period of five years. As per PMLA policy DP has to preserve records for 05 years. As per regulatory authority demands, DP has to provide each and every record for verification.

1. Delivery/Receipt Instructions given by its Clients.
2. Forms submitted by the Clients to the DP for:
 - Opening of accounts with the DP;
 - Closing of accounts with the DP;
 - Freezing of accounts with the DP;
 - Defreezing of accounts with the DP.
3. Copies of correspondence from the Clients on the basis of which Clients details were updated in the DPM;
4. Record of all actions taken on the exception reports, generated by the system;
5. A register showing details of grievances received from the Clients and their present status.

The following details shall be specified in this regard:-

- Name of the Client
 - Reference number of the Client
 - Date
 - Particulars of complaints
 - Action taken by the DP
6. If the matter is referred to arbitration, then the particulars including the present status thereof.
 7. Instructions received from the Clearing Member to transfer balances from the Pool account to the Delivery account of the Clearing Member in order to enable it to meet its obligations to the Clearing Corporation;
 8. Instructions from the clearing member authorising the transfer of securities from the pool account of the clearing member to the accounts of its clients

9. The forms received in respect of pledge of securities;
10. The forms received in respect of transmission of securities
11. The forms received in respect of securities lending.
12. Record of serial numbers of the instruction forms for debit or pledge of securities in a Client account, issued to its Clients.

The following records pertaining to dematerialisation and Rematerialisation of securities shall be kept by the DPs until the process of dematerialisation or Rematerialisation is completed:-

- (1) Dematerialisation request form (DRF and DRF-GS) filled by the Client;
- (2) Certificate details of securities sent for dematerialization
- (3) Proof of deliveries of DRF and securities to the Issuer or its Registrar and Transfer Agent and proof of delivery of DRF-GS and Government Securities to the Depository.
- (4) Objection memo and certificate details of the rejected securities against the DRN
- (5) Rematerialisation Request Form (RRF and RRF-GS) submitted by the Client
- (6) Proof of delivery of RRF to the Issuer or its Registrar & Transfer Agent and proof of delivery of RRF-GS to the Depository.

The DP shall intimate to the Depository, the place where the above records are kept and available for audit/inspection.

Records & Maintenance

There should be proper maintenance of records with good, proper & reputed storage company.

- (1) All newly account opening forms should be sent for scanning & storage.
- (2) Scanned account opening forms CD should be uploaded in server immediately on receipt of CD from the vendor. Vendor doesn't keep data too long in their server. If there is any faulty CD send by Vendor, it should be reported immediately on top priority basis so that vendor will not destroy data of their server and send another CD.
- (3) All the Waybill & POD of welcome kit should be scanned with proper tagging so that it can retrieve at any point of time. Monthly records of scanned welcome kit AWB & POD should be uploaded in server which is used for account opening images.
- (4) All the DIS. Requisition, DRF should be filled & bind on regular intervals and should kept in proper storage.
- (5) All backup tapes on hard disk drive should be kept as per Depository guidelines.

20. INTERNAL CONTROL AND SYSTEM

Internal control

Internal controls are usually classified into two broad categories:

1. Accounting controls

Accounting Controls are primary concerned with the control of financial transactions and records, and safeguarding of assets. They, therefore, have the following primary objectives

- All transactions are executed in accordance with management's authorisation.
- All transactions are promptly and properly recorded on execution to facilitate timely preparation and communication of reliable financial information.
- Accountability for assets is maintained and all assets are adequately safeguarded against unauthorised access, use and disposal.

2. Administrative controls.

Administrative Controls comprise of controls other than accounting controls. In computerised environment, controls relating to system administration, disaster management and data recovery procedures are among the most important administrative controls. Other examples of administrative controls include maintenance of records of persons visiting the participant's office, maintenance and review of record of clients' of clients' complaints and follow-up action taken to resolve to resolve such complaints.

Systems

The depository systems is a fully integrated system, where all the users of the depository are linked to each other through the central computer system of depository. Different depositories are also linked to each other. The integration of the depository system is achieved through a common application, having different modules designed as per the specific requirements of various users, i.e.; participants, clearing corporations, and registrar and share transfer agents. The module provided to the NSDL participants is called the depository participant Module (DPM)

The participants use this application through GISMO (Graphical Interface for System Management and Operations), a front-end tool. GISMO is an application that provides the

interface to business partners for performing activities necessary for successful running of the depository application.

1. **IP Address**- IP (Internet Protocol) Address is a unique dotted-decimal notation used to identify a node on a network and to specify routing information. Each node on the network must be assigned a unique IP address, which is made up of the network ID. Plus a unique host ID assigned by the network administrator. This address is typically represented in dotted-decimal notation, with the decimal value of each octet (byte).
2. **PING** - Ping is a Windows NT command, which verifies connections to remote computer(s), by sending ICMP (Internet Control Message Protocol). It can be used to test both the computer name and IP address, to test the connectivity of participants' computers with the remote computers
3. **Receive Queue**- Receive queue is a table in business partner database which stores the messages received from NSDL or messages processed by interface communication, received from NSDL. It contains a unique number per message, length of the message, actual contents of the message and status of the message indicating whether a particular message is received' or 'received and processed'
4. **Transmit Queue**- Transmit queue is a table in business partner database that stores the messages transmitted or to be transmitted to NSDL. It contains a unique number per message (PDMKEY), length of the message actual contents of the message, and status of the message indicating whether a particular message is 'Transmitted' or to be transmitted or if transmitted how it is transmitted.
5. **Back-office** - Back-office, in context of GISMO, is a set of import and export utilities which can be used to keep the business partners' back-office system in consonance with DPM.
6. **Systems Security**- System security sub-module is provided to control and regular the access to the depository system, through user authorization, passwords, and audit trail of various users' activities. The system works through creation of user groups with specific authorization profiles or privileges. Various system users are then assigned to these user groups for performing specific tasks. Administrator is the higher most user having access to most of the functions, and authority to restrict and override privileges of other users.
7. **Back up** - Back-up sub-module is used for taking and managing back up of databases and their transaction logs. Back-up utility in GISMO creates disk files only. For taking back up on magnetic media Windows 2000 back-up utility is used.

8. **Inquiries**-Inquiries sub-module is used for making queries on system operation profile.

User can view the following information in relation to the systems operations.

- DP ID
- Current business date.
- Date of last business conducted.
- Business start date and business end time.
- NSDL business and time.
- Current status of BOD, regular operations, and EOD.
- Current version of software and its and release date

Connectivity

The computer system used by dps, companies, R& T Agents and stock exchanges may be connected to NSDL central systems through V-SAT network or reased line network NSDL uses NSE's V-sat network for the connectivity purposes. Thus, V-sat used NSE brokers can connect to NSDL if the software supplied by NSDL is uses satellites or communication purposes. Some business partners may connect using leased lines provided by MYNL, DOT and others.

V-SAT or leased line connections are called primary connectivity. If primary connectivity fails for any reason, BPs must have ability to connect through other means. Such other means are PSTN line, ISDN lines, POO (normal telephone lines) through which they can dial on to the NSDL system and conduct their transaction.

Validity and Renewal of Registration certificate

Certificate of registration is valid for a period of five years from the date of issue. It may be renewed after expiry of five years. The renewal of registration certificate shall be for five years at one-time. The application for renewal should be made through the concerned depository. The fee specified for issue of certificate of registration and be dealt with in the same manner as if it were a fresh application for grant of certificate of registration should accompany the application.

SEBI, on being satisfied that the participant does no satisfy the conditions for issue of registration certificate, may reject the application for renewal of certificate after citing the reasons for refusal in writing.

Any DP, whose application for renewal of certificate of registration has been rejected by SEBI, shall cease to carry on any activity as a participant from the date of expiry of the

certificate of registration sought to be renewed. However SEBI may in the interest of the investors in the securities market, permit the participant to carry on activities undertaken prior to the receipt of the intimation of refusal subject to such conditions as it may specify. A participant may also choose to withdraw its participation from a depository or to transfer its account to another depository, subject to compliance with the conditions stipulated in bylaws of depository in this regard.

21. CHARGES

- (A) **Account Maintenance Fee**- Account maintenance fee is usually a fixed amount charged by the participants from clients periodically for maintaining their depository accounts
- (B) **Transaction Fees**- Transaction related fees are the charges levied on client in relation to the transactions in their accounts. Different rates of charges may be applied for transactions like market trades, Off-market trades, Pledge and hypothecation, lending a borrowing etc. Depositories also levy transaction related fees on participants.
- (C) **Dematerialisation/Rematerialisation**- Dematerialisation related fees are the charges by participants for processing a Dematerialisation/Rematerialisation requests received from the clients.

Particulars	Charges	
	Individual Clients	Corporate Clients
Annual Maintenance (AMC)	Rs. 300/-	Rs.800/-
Advance Transaction charges (Adjustable with actual charges)	Rs. 200/-	Rs.200/-
Total	Rs.500/-	Rs.1000/-
Transaction Charges :		
Market Delivery	Rs. 18/-	
Off Market Delivery	Rs. 24/-	
Receipt of Delivery	Rs. Nil	
Dematerialisation	Rs. 5/ per certificate –Minimum Rs.20/- Plus Rs.50/ or actual whichever is higher as courier charges	
Rematerialisation	Rs.30/- per certificate or Rs.30 for every hundred securities or part thereof, whichever is higher	
Pledge/Hypothecation		
Creation	0.02% of value of transaction subject to Minimum of Rs. 100/- per ISIN per instruction	
Closure	same as above for creation	
Invocation	same as above for creation/closure	
Delivery Instruction Book	Rs. 40/- per book of twenty 1+1 slips, Courier Charges Rs. 50/- or actual which ever is higher if sent through courier	
Statement of Holding/Transaction	Free once in a month for running accounts Free once a quarter for non running Accounts. Extra request to be charged Rs. 10/- per page Minimum Rs. 30/-	
Failed Instruction	Rs. 20/- per instruction	
Modification of Account Details	Rs. 30/-	
Demat Rejection charges	Rs. 50/- per rejection	

22. BASIC SERVICES DEMAT ACCOUNT

Eligibility Criteria

All the individuals who have or propose to have only one demat account where they are the sole or first holder shall be eligible to have a BSDA provided that the value of securities held in the demat account does not exceed Rupees Two Lakhs at any point of time. An individual can have only one BSDA in his/her name across all depositories.

The value of holding shall be determined by the DPs on the basis of the daily closing price or NAV of the securities or units of mutual funds. If the value of holding in such BSDA exceeds the prescribed criteria at any date, the DPs may levy charges as applicable to regular accounts (non-BSDA) from that date onwards

Transaction Statements:

Transaction statements shall be sent to the BO at the end of each quarter. If there are no transactions in any quarter, no transaction statement may be sent for that quarter.

Holding Statement

One annual physical statement of holding shall be sent to the stated address of the BO in respect of accounts with no transaction and nil balance and for remaining accounts one annual statement of holding shall be sent in electronic or physical form as opted for by the BO

Declaration

The client has to give a Declaration for availing of Basic Services Demat Account (BSDA) facility in the prescribed form.

Charge structure

1. Annual Maintenance (AMC)

- Nil, if the value of holding in the account is up to Rs.50, 000/- throughout the year.
- Rs.100/-for value of holding from Rs.50,001 to Rs.2,00,000
- For value of holding above Rs.2, 00,000 on any date of the year charges as applicable to regular account will be applicable.

2. Transaction Charges :

- Market Delivery- Rs. 18/-
- Off Market Delivery- Rs. 24/-
- Receipt of Delivery- Rs. Nil

3. Dematerialisation

- Rs. 5/ per certificate –Minimum Rs.20/- Plus Rs.50/ or actual whichever is higher as courier charges

4. Rematerialisation

- Rs.30/- per certificate or Rs.30 for every hundred securities or part thereof, whichever is higher

5. Pledge/Hypothecation

- Creation - 0.02% of value of transaction subject to Minimum of Rs. 100/- per ISIN per instruction
- Closure- same as above for creation
- Invocation- same as above for creation/closure

6. Delivery Instruction Book

- Rs. 40/- per book of twenty 1+1 slips, Courier Charges Rs. 50/- or actual which-ever is higher if sent through courier

7. Statement of Holding/Transaction

- Free once in a month for running accounts
- Free once a quarter for non running Account
- Extra request to be charged Rs. 10/- per page Minimum Rs. 30/-

8. Failed Instruction- Rs. 20/- per instruction

9. Modification of Account Details- Rs. 30/-

10. Demat Rejection charges- Rs. 50/- per rejection

23. RAJIV GANDHI EQUITY SAVING SCHEME

Procedure at time of opening demat account

The new retail investor shall follow the following procedure at the time of opening or designating a demat account:-

- (a) The new retail investor shall open a new demat account or designate his existing demat account for the purpose of availing the benefit under the Scheme;
- (b) The new retail investor shall submit a declaration in Form A to the depository participant who will forward the same to the depository for verifying the status of the new retail investor;
- (c) The new retail investor shall furnish his Permanent Account Number (PAN) while opening the demat account or designating the existing account as a Rajiv Gandhi Equity Savings Scheme eligible account, as the case may be.

Procedure for investment under Scheme.-

A new retail investor shall make investments under the Scheme in the following manner:-

- (a) The new retail investor may make investment in eligible securities in one or more than one transactions during the year in which the deduction has to be claimed;
- (b) The new retail investor may make any amount of investment in the demat account but the amount eligible for deduction, under the Scheme shall not exceed fifty thousand rupees;
- (c) The eligible securities brought into the demat account, as declared or designated by the new retail investor, will automatically be subject to lock-in during its first year, unless the new retail investor specifies otherwise and for such specification, the new retail investor shall submit a **declaration in Form B** indicating that such securities are not to be included within the above limit of investment.

24. TRAINING & DEVELOPMENT

In order to train & develop the staffs refer below mentioned points for the development of the organization & benefits of Customers.

- As per HR policy newly joined staff has to attend compulsorily Induction Programme to know about the basic of other departments.
- There will be monthly training cum up gradation compulsorily for staffs for new systems /latest compliance /ideas /procedures.
- As and when any Master Circular issued by statutory authority. It will be discussed with team members by HOD in detailed.
- As and when require small training should be given to staff by Compliance & Operation team.
- Complete training to staff will help to deal with the customers. Lack of knowledge or compliance will impact bad impression and in convenience to clients.

25. INVESTOR GRIEVANCE REDRESSAL MECHANISM

All the Branches are instructed to solve /redress the BO Grievance with in period of 30 Days. Branches are instructed to follow steps for Investor Grievance Redressal.

1. Branches have to check daily investor grievance in Complaint Box. i.e. email investorgrievance@inmacs.com or made physically by clients.
2. On receipt of any letter of grievance from client, complaint box, through internet or from statutory authority, branches have to inform and forward the grievance to compliance officer at Head Office immediately.
3. On redressal of any grievances branches have to reply through letter under intimation to compliance officer.
4. Branches have to maintain investor grievance register and updating on daily basis for complaints received.

26. ORGANIZATION CHART

