Procedure For CDSL Demat Accounts

A. OPEN A DEPOSITORY ACCOUNT

I. Rights

1. You can open more than one depository account in the same name with a single Depository Participant (DP) or multiple DPs.
2. No minimum balance is required to be maintained in a CDSL depository account.
3. You can give a one-time standing instruction to your DP to receive all credits coming to your depository account automatically.

II. Procedure

1. Fill out the account-opening form available with your chosen CDSL DP.
2. Submit the duly filled account-opening form along with the required identification, address proof, and introduction documents.
3. Sign the agreement with the DP, which outlines the rights and obligations of both parties, including the DP's fee structure. Your DP will provide you with a copy of this signed agreement for your records.
4. Once your account is opened, the DP will issue a **Client ID** (your unique 8-digit account number). This Client ID, combined with your 8-digit **DP ID**, forms a unique 16-digit combination (known as the Beneficiary Owner ID or BO ID). Both numbers must be quoted in all future correspondence with the DP, CDSL, issuing companies, or their Registrar and Transfer (R&T) Agents.
5. Your DP will provide pre-printed instruction slips for depository services (such as dematerialization and Delivery Instruction Slips for trades). Preserve these carefully.
6. Your DP will provide a list of deadlines for submitting instructions for various activities (e.g., transfers for sales or purchases). If not provided, verify these timelines directly with the DP.

III. Points to Remember

1. You may choose your DP based on your evaluation of their reputation, service standards, fee structure, and other conveniences.
2. Open your depository account using the exact same holding pattern as your existing physical securities. Separate accounts must be opened for every unique combination of holding patterns.

3. The account opening process typically takes 2–5 days.
4. For holdings belonging to a partnership firm, the account must be opened in the name of the partner(s).
5. For holdings of a Hindu Undivided Family (HUF), the account must be opened in the name of the ‘Karta’.
6. For minors, the account must be opened in the name of the minor, listing the guardian’s name. The guardian will act as the signatory. A court order may be required to sell a minor's securities.
7. In case of any difficulties, contact your DP.

B. DEMATERIALISATION

I. Rights

1. Dematerialization is not mandatory; you can hold your securities in either demat or physical form, or split them. However, SEBI mandates that trades on stock exchanges connected to CDSL must be settled exclusively in demat form for listed securities.

II. Procedure

1. Fill out a **Demat Request Form (DRF)**, which is available from the DP where your account is held.
2. Deface the physical share certificate(s) you wish to dematerialize by writing **"Surrendered for dematerialisation"** clearly across them.
3. Submit both the DRF and the defaced share certificate(s) to your DP. The DP will forward them to the issuer or their R&T Agent.
4. Once successfully processed, your CDSL depository account will be credited with the dematerialized securities.

III. Points to Remember

1. Only securities admitted by CDSL can be dematerialized. A list of eligible securities is available through your DP.
2. Securities must be registered in the name of the account holder to be dematerialized.
3. The dematerialization process is typically completed within 15 days of the share certificates reaching the issuer/R&T agent. The entire cycle from handing over shares to receiving credit may take up to a month.

4. Dematerialization is subject to the issuer/R&T agent verifying the genuineness and ownership status of the securities.
5. All joint holders must sign the DRF.
6. The holding pattern on the DRF must exactly match the holding pattern on both the share certificate and the demat account.
7. Minor variations in names (e.g., initials instead of full names) will be processed provided the client's signature on the DRF matches the specimen signature held by the issuer/R&T agent.
8. If signatures do not match, the issuer/R&T agent may request additional verification (such as bank attestation or notarization).
9. For any processing issues, contact your DP first; if unresolved, you can contact CDSL.

C. TRADING & SETTLEMENT IN DEMATERIALISED SECURITIES

I. Rights

1. Dematerialized securities can be traded on all stock exchanges connected to CDSL (including NSE and BSE). Trading is split between the Unified segment (where applicable) and the Exclusive Demat segment, which mandates 100% electronic settlement.

II. Procedure

Trading is conducted through a registered broker. Your DP facilitates the delivery or receipt of shares based on instructions.

a) Buying Dematerialized Securities

1. Purchase securities through your broker on a CDSL-linked stock exchange and make the necessary payment.
2. The broker arranges the clearing payment to the exchange's clearing corporation.
3. The broker receives the credit in their clearing account on the pay-out day.
4. The broker instructs their DP to debit their clearing account and credit your CDSL depository account.
5. You must give a receipt instruction to your DP. If you have set up a "standing instruction" to receive credits automatically, no separate note is required.

b) Selling Dematerialized Securities

1. Sell your securities through your broker on any exchange linked to CDSL.
2. Provide a **Delivery Instruction Slip (DIS)** or electronic instruction to your DP to debit your account and credit your broker's clearing account. This should be done at least 24 hours (one working day) prior to the pay-in date or before the DP's deadline.
3. On the pay-in day, the broker instructs their DP to deliver the shares to the clearing corporation.
4. The broker receives payment from the clearing corporation and passes it on to you.

III. Points to Remember

1. In case of trade execution errors, contact your broker or the respective stock exchange.
2. Securities are credited to your account only after your broker gives a delivery instruction to their DP. Clearing corporations do not credit your account directly. Contact your broker, the exchange, or SEBI if there is an unauthorized delay.
3. Shares are not automatically debited by CDSL or the exchange when you sell; you must explicitly authorize the transfer via an instruction slip or secured electronic authorization.

D. CORPORATE ACTIONS

I. Rights

- **Cash Corporate Actions (Dividends, Interest, etc.):** The issuer or their R&T agent calculates your dues based on ownership data provided by CDSL and forwards the funds directly to your linked bank account via electronic clearing methods. CDSL does not handle physical cash distribution directly.
- **Non-Cash Corporate Actions (Bonus, Rights, etc.):** The issuer/R&T agent directly credits your CDSL depository account with the bonus or rights shares based on the electronic records.

II. Points to Remember

1. Securities remaining in a broker's clearing account are not eligible for corporate benefits. Ensure purchased shares are transferred to your personal demat account before the **Record Date/Book Closure**.
2. Provide precise bank account details in your account opening form, as these details are used for automated electronic dividend payouts.

3. For non-cash corporate benefits, ensure your account details are updated accurately. If mistakes occur in processing or matching holding names, benefits may revert to physical certificates issued by the R&T agent.

E. TRANSACTION STATEMENT

I. Rights

1. You will receive a "Statement of Account" from your DP on a quarterly basis. If there are transactions (debits/credits) within that period, a statement is sent within 15 days of the activity.

II. Points to Remember

1. You can request statements at shorter intervals from your DP (additional charges may apply).
2. Review statements promptly and notify your DP of any discrepancies.
3. The Statement of Account serves as your proof of holding, but losing the physical statement does not mean you lose your investments, as holdings are securely maintained digitally by CDSL.

F. GENERAL FEATURES

1. **Charges:** CDSL charges the Depository Participant (DP) for custody, transaction settlement, and rematerialization services. The DP has the operational freedom to structure its own tariff schedules for end-investors.
2. **Public Issues:** You can receive IPO allotments directly into your CDSL account by providing your 16-digit BO ID on the application form.
3. **Pledging:** You can easily pledge your dematerialized holdings to secure loans or margins.
4. **Freezing:** You can freeze your CDSL account at any time to block all transactions, or freeze it for debits only (allowing incoming credits to flow normally).
5. **Account Closure:** You can close your account at any time without a closing fee from the depository by either transferring your entire holding to another demat account or by rematerializing your holdings.
6. **Transmission:** Upon the death of an account holder, the DP processes the transmission of securities to the registered legal heirs or nominees without requiring individual communication with each issuing company.

7. **Nomination:** You can appoint a nominee for your depository account (permitted for individual accounts held singly or jointly).
8. **Demographic Updates:** Any changes to your personal details (address, phone number, bank account) updated with your CDSL DP will automatically sync across all companies in your portfolio.
9. **Investor Grievances:** In case of unresolved disputes with your DP, you can escalate the matter to CDSL's Investor Grievance Cell:

Investor Grievance Cell

Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25th Floor,

Mafatlal Mills Compound, N M Joshi Marg,

Lower Parel, Mumbai 400013

Email: complaints@cdslindia.com

Note: Always provide your 16-digit BO ID (DP ID + Client ID) and any relevant transaction reference numbers in your correspondence.