

National Securities Depository Ltd.



**Master Circular
on
Account Opening
Version 4.4
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‘Master Circular on Account Opening’ - Version 4.4

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1. Account Opening:

1.1 General Guidelines:

1.1.1 Important Points:

- (a) Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
- (b) Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the list mentioned below at point no. 1.1.6. However, in case of PAN, Participants may verify the PAN of their Clients online at the Income Tax website without insisting on the original PAN card, provided that the Client has presented a document for Proof of Identity other than the PAN card.
- (c) If any proof of identity or address is in a foreign language, then translation into English is required.
- (d) Name & address of the applicant mentioned on the Know Your Client (KYC) Application Form, should match with the documentary proof submitted.
- (e) If correspondence & permanent address are different, then proofs for both have to be submitted.
- (f) Sole proprietor must make the application in his individual name & capacity.
- (g) For non-residents and foreign nationals, (*allowed to trade subject to RBI and FEMA guidelines*), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
- (h) For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.

- (i) In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (*Continuous Discharge Certificate*) is to be submitted.
- (j) For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
- (k) Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

1.1.2 Proof of Identity (POI): - *Following is the list of documents admissible as Proof of Identity:*

- (a) Unique Identification Number (UID) (*Aadhaar*)/ Passport/ Voter ID card/ Driving license.
- (b) PAN card with photograph.
- (c) Identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

1.1.3 Proof of Address (POA): - *Following is the list of documents admissible as Proof of Address: (Documents having an expiry date should be valid on the date of submission.)*

- I. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy /Aadhaar Letter issued by Unique Identification Authority of India.
- II. Utility bills like – (Not more than 3 months old– as on date of receipt for documents).
 - a) Telephone Bill (only land line)
 - b) Electricity bill or
 - c) Gas bill
- III. Bank Account Statement/Passbook – (Not more than 3 months old – as on date of receipt for documents)

Depending on the type of bank statement issued the following checks must be done:

- a) **Original** bank statement: The original bank statement is printed on the stationery of the bank, carries logo & name of the bank, displays the name and address of the Client.
- b) **Copy** of bank statement: In addition to point no. 1.1.3(III) (a), the authorised official of the Participant should verify the photocopy of the bank statement submitted with the corresponding original.
- c) Original Bank statement on **plain paper (Computer generated)**:
 - (i) The bank statement clearly mentions the name and address of the Client.
 - (ii) The bank statement is duly attested (signed and stamped) by the authorised official of the bank

mentioning the name and designation of such authorized official.

(iii) Obtain a cancelled cheque leaf in original OR a photocopy of cheque and the authorized official of Participant should verify the same with the original cheque.

d) Bank statement issued in **electronic form:**

(i) Print out of the bank statement clearly mentions the name and address of the Client.

(ii) Obtain a cancelled cheque leaf in original OR a photocopy of cheque with the name of the Client pre-printed on it. However, in case of a photocopy of cheque it can be accepted provided the authorized official of Participant verifies the same with the original cheque.

IV. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.

V. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.

VI. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.

- VII. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address should be taken.
- VIII. The proof of address in the name of the spouse may be accepted.
- IX. Acceptance of third party address as correspondence address in depository account [SEBI Circular No. CIR/MRD/DP/ 37 /2010 dated December 14, 2010 (Circular No.: NSDL/POLICY/2010/0132 dated December 15, 2010)]
- a) Client can also provide third party address as correspondence address in depository account provided Participant ensures that all prescribed 'Know Your Client' norms are fulfilled for the third party also. The Participant shall obtain proof of identity and proof of address for the third party. The Participant shall also ensure that customer due diligence norms as specified in Rule 9 of Prevention of Money Laundering Rules, 2005 are complied with in respect of the third party.
 - b) Participant should further ensure that the statement of transactions and holding are sent to the Client's permanent address at least once in a year.
 - c) However, the above provision shall not apply in case of PMS (Portfolio Management Services) clients as informed earlier vide letter no. IMD/ MT/165502/ 2009 dated June 05, 2009.

1.1.4 PAN:

- I. The name(s) of depository account holder(s) should be compared with the name appearing on the website of the Income Tax Department (ITD). Alternatively, subscribe to the internet based

service of NSDL (NSDL/POLICY/2007/0048 dated August 14, 2007) so that the name can be sought against the given PAN.

- II. In case the name(s) do not match or the PAN is not present in the Income Tax database, Participants should seek necessary clarification from the account holder(s) and activate such accounts in the DPM System only after the discrepancy is resolved.
- III. After verifying the details of PAN as mentioned above, the staff of the Participant should affix a stamp as '**PAN verified**', on the photocopy of the PAN card(s).
- IV. With respect to PAN, Clients may have reported the following problems:
 - (a) PAN card has been lost / misplaced or PAN card was never received but has the PAN allotment letter from the ITD;
 - (b) Change in the name of the Client due to marriage or voluntary action etc., (*in case of individuals*) or due to merger, amalgamation etc. (*in case of a corporate entity*).

In this regard, Participants are advised that the ITD issues a new PAN card with the same PAN with changes in PAN data, for the above reported problems. For detailed procedure, Participants may refer <http://www.incometaxindia.gov.in> or <http://www.tin-nsdl.com> (NSDL/POLICY/2006/0024 dated July 7, 2006).

In cases where there is minor mis-match in the name of Client as is mentioned in the account opening form and the name displayed on the ITD website, the Participants can collect the PAN card proof as submitted by the account holder. However, this would be subject to the Participants verifying the veracity of the claim of such Clients by collecting sufficient documentary evidence in support of the identity of the investors [*Refer point no. 1.1.2 above for list of documents which can be accepted as a valid*

proof of identity]. The Participant should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity.

1.1.5 Exemptions/clarifications to PAN (*Sufficient documentary evidence in support of such claims to be collected.*)

- a) In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
- b) Investors residing in the state of Sikkim.
- c) UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
- d) In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.
- e) Participants may verify the PAN of their Clients online at the Income Tax website without insisting on the original PAN card, provided that the Client has presented a document for Proof of Identity other than the PAN card.

1.1.6 List of persons authorized to attest the documents:

- a) Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (*Name, Designation & Seal should be affixed on the copy*).

- b) In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

1.1.7 Bank details:

- I. Any one or more of the documents given below can be accepted as proof of bank details:
 - a) Specimen copy of cheque/cancelled cheque
 - b) Copy of Bank Statement
 - c) Copy of Bank Passbook
 - d) Letter from Bank

- II. The aforesaid documents specified at 1.1.7 (I) above must contain the following information to be acceptable as proof for bank details:
 - a) Bank Name
 - b) Branch Address
 - c) IFSC/MICR code
 - d) Name of account holder
 - e) Account Number

- III. Participant need not seek from their Clients the proof of the bank details for capturing the bank details in the depository account, if they have direct access to the bank records for verification of the bank details provided by their Clients.

1.1.8 The aforesaid documents are the minimum requirement for opening of a beneficiary account. Participants are advised to exercise due diligence while establishing identity of the person to ensure the safety and integrity of the depository system.

1.1.9 Participants can apply stricter criteria and accordingly, decide to accept selected documents out of the list of documents prescribed above [Refer point nos. 1.1.2 and 1.1.3], as POI and Proof of Address (*NSDL/PI/2004/2117 dated November 25, 2004*).

1.1.10 100% verification needs to be carried out in respect of account opening by the Concurrent Auditor of the Participant. The Concurrent Auditor should conduct the audit in respect of all accounts opened during the day, by the next working day. In case the audit could not be completed within the next working day due to large volume, the auditor should ensure that the audit is completed within a week's time. Participants would be required to appoint a firm of qualified Chartered Accountant(s) or Company Secretary(ies) or a Cost and Management Accountant, holding a certificate of practice for conducting the concurrent audit. Participants in case they so desire, may entrust the Concurrent Audit to their Internal Auditors. (*NSDL/POLICY/2006/0021 dated June 24, 2006, NSDL/POLICY/2007/0017 dated March 22, 2007 and NSDL/POLICY/2009/0020 dated March 16, 2009*).

1.2 Individual:

1.2.1 Account Opening for Individual:

- I. The applicant should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format given in Annexure J of the Business Rules of NSDL and submit the same to the Participant alongwith the agreement (*as per Annexure B of NSDL Bye Laws*) duly executed on a stamp paper of appropriate value to the Participant. Further, the Participant shall be responsible in deciding the value of the stamp paper. The schedule of fees to be charged by the Participant to the Client should form a part of the agreement.

- II. The applicant should submit any one of the documents as mentioned in point nos. 1.1.2 and 1.1.3 above, as a valid proof of identity and proof of address.
- III. In-person Verification (IPV):
 - a) It is mandatory for all Participants to carry out IPV of their Clients. At the time of opening depository accounts, the Participant should establish the identity of the applicant(s) (*including guardian in case of minor account*) by verifying the photograph(s) affixed in the KYC Application Form (*Part – I of Annexure J*) as well as proof of identity document(s) as mentioned in point no. 1.1.2 above, **with the person** concerned. Further, in case of joint accounts, **'in-person'** verification needs to be carried out for all the holders of the account. Participants may use 'web-camera' for carrying out **'in-person'** verification for opening of depository accounts subject to compliance with other SEBI guidelines/circulars relating to opening of depository accounts including verification of documents.
 - b) Upon the applicant(s) submitting the KYC Application Form and the account opening form, proof of identity & address documents and PAN details, the Participant should follow the procedure as given below:
 - (i) Verify the identity of the applicant(s) as clarified in point no. 1.2.1 (III) (a) above.
 - (ii) After due verification, the Participants shall ensure that the following details are recorded on the KYC Application Form at the time of IPV:
 - 1. name of the person doing IPV,
 - 2. his designation,
 - 3. organization
 - 4. his signature and
 - 5. date

- (iii) **Manner of recording IPV details on KYC Application Form:** Participants may either affix a stamp or print the IPV details or write the same on the KYC Application Form. If ‘in-person’ verification is done through web camera, then mention “IPV through webcam” as well.
 - (iv) **Place where IPV details are to be recorded on the KYC Application Form:** Participants may record the same at any appropriate place on the KYC Application Form as may be deemed fit by the Participant without making illegible the other details mentioned in the KYC Application Form. For non-individuals such as HUF, unregistered trust, etc. where the KYC Application Form for non-individuals is filled up and the depository account would be opened in the name of the individual (*such as karta, trustee, etc.*), the IPV details may, if Participants find it appropriate, be recorded at the Annexure to KYC Application Form where the details of the karta, trustee, etc. are mentioned.
 - (v) Attachment of separate sheet to the KYC Application Form or affixing stickers on the KYC Application Form for recording of IPV details will not be permitted.
- c) The IPV carried out by one SEBI registered intermediary can be relied upon by another intermediary.
 - d) In case of Stock brokers, their sub-brokers or Authorised Persons (*appointed by the stock brokers after getting approval from the concerned Stock Exchanges in terms of SEBI Circular No. MIRSD/DR-1/Cir-16/09 dated November 06, 2009*) can perform the IPV.
 - e) In case of Mutual Funds, their Asset Management Companies (AMCs) and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or

Association of Mutual Funds (*AMFI*) and have undergone the process of 'Know Your Distributor (*KYD*)', can perform the IPV. However, in case of applications received by the mutual funds directly from the clients (*i.e. not through any distributor*), they may also rely upon the IPV performed by the scheduled commercial banks.

- f) In the case of NRIs/foreign nationals, considering the infeasibility of carrying out 'in-person' verification, in such a situation photocopies of the KYC documents should be attested by any of the entities viz; Notary Public, any Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General of the country where NRI/FN is residing [*outside India*] to the effect that it has been verified with the originals.

- IV. Participant must use separate KYC Application Form to collect information for each holder for joint accounts (*i.e. for first holder, second holder and third holder*) as well as for guardian in case the sole holder is a minor.

1.2.2 Minor Account:

- a) SEBI has intimated to NSDL clarifying the position on operation of the depository accounts held in the name of minors as follows:

"Under [*The*] Hindu Minority and Guardianship Act, 1956, permission of court is required in the case of transfer by a natural guardian of immovable property of a minor. However, shares are not immovable property. Section 2 (7) of Sale of Goods Act, 1930 includes shares within the definition of "goods". Neither the Indian Contract Act nor the Sale of Goods Act provide for transfer by sale or otherwise by guardian/natural guardian of goods/movable property in the name of minor to the effect that permission of court is

required in the matter of such transfer. In the case of accounts of minor in banks also, the guardian is entitled to open, operate and even close the account also. The depository account can, therefore, be operated by a natural guardian without any order from the court though the same is neither expressly permitted nor prohibited" (NSDL/PI/2000/323 dated March 17, 2000).

- b) Account opened in the name of minor should not have joint holdings.
- c) Two KYC Application Forms must be filled i.e. one for the guardian and another for the minor (to be signed by guardian).

1.2.3 Non Resident Indian/ Foreign National (NRI/FN):

- I. While opening an account for an NRI Client, the Participant should obtain copy of the RBI approval letter, if any, for acquiring securities, alongwith the account opening form and other necessary documents.
- II. Participants are required to ensure that all transactions in the account are in compliance with FEMA regulations. Accordingly, Participants are advised to obtain from the NRI/FN, necessary documents evidencing general/specific approvals as may be required under FEMA regulations.
- III. RBI Clarification with respect to NRI/FN : (NSDL/PI/2000/1891 dated October 6, 2000)

RBI vide its letter dated July 18, 2000 to one of the Participant of NSDL has issued the following clarifications with regard to permission to open Bank Account and Depository Account to sell shares acquired under ESOP by FN:

- (a) RBI approval is not required for opening depository account.
- (b) RBI has not put any condition that for opening of depository account, the non-resident shareholder must have a bank account. The depository account may be opened as per the norms of NSDL and the concerned bank.

- (c) RBI has already granted General Permission for sale of shares on stock exchanges by non-residents and for sale of shares by negotiated deals, application in TS-1 form may be submitted to concerned Regional Office of RBI for obtaining permission.
 - (d) FN can sell the shares held under ESOP on stock exchange without RBI permission.
- IV. While processing dematerialisation, receipt, delivery or pledge instructions from NRI Client, the Participant shall obtain a copy of the relevant RBI approval letter (*e.g., RBI approval letter for sale in case of delivery instructions*). The Participant need not obtain copy of the RBI approval letter for every instruction, if the same approval applies to each such instruction.

1.2.4 Illiterate person:

NSDL has prescribed the procedure for affixing thumb impression (*in Annexure J of Business Rules*) while filling an account opening form by an illiterate person. In this context, Participants are advised to follow the below mentioned procedure:

- (a) Illiterate person(s), 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 KYC Application Form and Account Opening Form.
- (b) All accounts opened by illiterate person(s) (*hereinafter referred as Clients*) must be either introduced by an existing account holder or must be attested by applicant's bank.
- (c) The Client(s) must come in person to open the account and submit instruction forms and affix his/her thumb impression in the presence of the official of the Participant. The Participant should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the KYC Application Form and

Account Opening Form, Participant-Client agreement and delivery instruction form to the Client(s). The official of the Participant should then put his signature and remarks "Details explained to the Client(s)", on the account opening form, copy of the agreement and delivery instruction form.

- (d) In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form as mentioned in point (c) above, the thumb impression of the Client(s) on the instruction forms must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office and authorised to use the Seal of his office or a manager of the account holder's bank. The Client should also produce a medical certificate about his/her disability.
- (e) The instruction forms issued to such Client(s) should be pre-stamped as "Thumb Impression" on the Account Opening Form
- (f) At the time of opening of account, the aforesaid rules should be explained to the Client(s) in the presence of a witness, who will have to sign the agreement and the account opening form, as a witness.
- (g) Participants should note that the aforesaid guidelines are in addition to the existing guidelines with regard to opening of an account and executing instructions.

1.2.5 Blind person:

- (a) The Participant should read out and explain to the Client, the contents of the KYC Application Form and Account Opening Form and Participant-Client agreement whenever so requested by the Clients. In case the Client is an illiterate, Participant should follow the procedure laid down in point no. 1.2.4.
- (b) If the Client is illiterate, then Participant should put in the remark as "Visually Challenged and Thumb Impression" on the Account Opening Form.

- (c) For issuance, re-issuance and processing of Delivery Instruction Slips (DIS) of such Clients, Participants are advised to follow the procedure laid down in NSDL Circular No. NSDL/PI/2004/1401 dated August 5, 2004. Participants would also be required to comply with NSDL Circular No. NSDL/POLICY/2007/0011 dated February 15, 2007 regarding SEBI circular on DIS. It is also added that the DIS issued to such Clients should be pre-stamped as "Visually Challenged" or "Visually Challenged and Thumb Impression" as the case may be. Further, these Client(s) should visit the office of the Participant to deliver the DIS, only if they are illiterate.
- (d) Participants are requested to note that the above mentioned procedures will be applicable for new accounts opened since August 21, 2007 (*issuance of the revised circular*) as well as for processing of DIS for the existing Clients.

1.3 Non-Individual:

1.3.1 Account Opening for Non-Individual:

- a) The applicant should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format given in Annexure K of the Business Rules of NSDL and submit the same to the Participant alongwith the agreement (*as per Annexure B of NSDL Bye Laws*) duly executed on a stamp paper of appropriate value to the Participant. Further, the Participant shall be responsible in deciding the value of the stamp paper. The schedule of fees to be charged by the Participant to the Client should form a part of the agreement.
- b) Any one of the documents as mentioned in point nos. 1.1.2 and 1.1.3 above can be submitted as a valid proof of identity and proof of address.
- c) Participants shall ensure that in case of foreign entities, all transactions in the account are in compliance with FEMA

Regulations. Accordingly, Participants are advised to obtain from such foreign entities necessary documents evidencing general/specific approvals as may be required under FEMA Regulations.

- d) Obtain a declaration from the foreign entity that it has complied and will continue to comply with FEMA Regulations.
- e) Participant must use separate KYC Application Form to collect information for each holder for joint accounts (*i.e. for first holder, second holder and third holder*).

1.3.2 Additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

I. Corporate:

- a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).
- b) Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (*to be submitted every year*).
- c) Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.
- d) Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.
- e) Copies of the Memorandum and Articles of Association and certificate of incorporation.
- f) Copy of the Board Resolution for investment in securities market.
- g) Authorised signatories list, specimen signatures and photographs.

II. Partnership firm:

- a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).
- b) Certificate of registration (*for registered partnership firms only*).
- c) Copy of partnership deed.
- d) Authorised signatories list with specimen signatures and photograph.
- e) Photograph, POI, POA, PAN of Partners.
- f) The account should be opened only in the names of Partners, operated by the partners and the securities that belong to the Partnership Firm can be held in this account.
- g) Obtain an undertaking in the prescribed format from the Partners to the effect that the Partners would comply with the provisions of the Companies Act, 1956 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the names of the Partners (NSDL/POLICY/2006/0008 dated March 4, 2006).
- h) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.1 (III) above.

III. Depository account for Limited Liability Partnership (LLP):

- (a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).
- (b) Certificate of registration.
- (c) Copy of partnership deed.
- (d) Authorised signatories list with specimen signatures and photograph.
- (e) Photograph, POI, POA, PAN of Partners.
- (f) Resolution/ Authority Letter for investment in securities market.

- (g) Participant may open the depository account in the name of LLP Client under the Type 'Body Corporate' and sub-type 'Limited Liability Partnership'.

IV. Trust: The procedure and documents required for the opening of depository accounts in case of registered trusts/ public trusts, un-registered / private trusts and trusts established by organisations for providing terminal benefits to its employees is as follows:

- a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).
- b) Certificate of registration (*for registered trust only*).
- c) Copy of Trust deed.
- d) List of trustees certified by managing trustees/CA.
- e) Photograph, POI, POA, PAN of Trustees.
- f) For registered trust where a registration certificate is issued by a Statutory Authority under the provisions of the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, in addition to the above, Participants are requested as follows:
 - (i) Open the depository account under the category and in the name of trust
 - (ii) Obtain certified copy of the resolution passed by the Board of Trustees giving the names of trustees authorised by the Board of Trustees to open and operate the depository account.
- g) For Unregistered Trust, in addition to the above, Participants are advised as follows:

The Department of Company Affairs had vide its circular dated June 12, 1957 clarified that the shares in a company which are the property of trust can be held in the names of trustees being Individuals, Corporations, Companies or Societies registered

under the Societies Registration Act, 1860 without the addition of the statement that they are trustees. It is also further clarified in the said circular that the shares can be held in the name of a trust if the trust is a separate legal entity such as registered society. Hence, unless the trust is a separate legal entity, the depository accounts have to be opened in the names of trustees irrespective of whether they are Individuals, Corporations or Companies.

As per the circular issued by the Department of Company Affairs, the relationship of trust between a trustee and the beneficiary is not required to be taken note of in the account by the Participants while opening the depository account. Trusts established for holding of securities for the benefit of family members, holding of securities for the benefits of employees etc would fall in this category.

In these cases, Participants are advised to treat the applicant as a private trust and advised as follows:

- (i) If the trustee(s) are individuals, then open the depository account in the individual name under the category 'Individual'.
- (ii) In case the trustee(s) of the unregistered trust are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, then open the accounts in their respective names. Participants should obtain certified copies of the resolution passed by such entities giving the names of the authorised official(s) i.e. trustee(s) who shall open and operate the depository account,

(iii) Only those securities that belong to the trust can be held in such a depository account. Securities belonging to the trustee(s) in their individual capacities will have to be held in separate depository account(s) of such person(s).

(iv) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.1 (III) above.

h) Opening of accounts for Terminal Benefit Funds operated as Trusts:

In case of terminal benefit funds such as Provident Fund / Gratuity Fund / Superannuation Fund that are operated as Trusts and where a Recognition Certificate is issued by the Income Tax Authorities and / or the Regional Provident Fund Commissioner, as the case may be, Participants are advised as follows:

- (i) Open the depository account under the category and in the name of trust.
- (ii) Obtain copy of Recognition Certificate issued by the Income Tax Authorities and / or the Regional Provident Fund Commissioner, as the case may be,
- (iii) Obtain certified copy of the resolution passed by the Board of Trustees giving the names of trustee(s) authorised by the Board of Trustees to open and operate the depository account,
- (iv) Only those securities that belong to the trust can be held in such an account. Securities belonging to the trustee(s) in their individual capacities will have to be held in a separate depository account(s) of such person(s).

V. HUF

a) PAN of HUF.

- b) Deed of declaration of HUF/ List of coparceners.
- c) Bank pass-book/bank statement in the name of HUF alongwith bank details as per point no. 1.1.7 above.
- d) Photograph, POI, POA, PAN of Karta.
- e) Open the beneficiary account in the name of the Karta of the HUF. The HUF account should not have joint holdings (*NSDL/PI/2002/1346 dated August 12, 2002*).
- f) As the depository account would be opened in the name of individual, carry out the 'in-person' verification of such individual and record the details of IPV as per the procedure laid out in point no. 1.2.1 (III) above.
- g) Since Clients are required to open HUF (*depository*) accounts in the name of 'Karta', they may face difficulty in encashing cheques / demand drafts in respect of dividend / interest warrant, since the bank account may have been opened in the name of HUF. For this purpose, RBI has clarified that a mandate may be taken by banks from the accountholder that the cheques drawn in favour of 'Karta' can also be collected in the account of HUF and vice-versa. Participants are advised to take note of the above and provide a copy of 'Client Master Report' so as to enable the Clients to suitably take up the matter with their banks. A copy of the letter received from RBI, clarifying the stand to be taken with respect to bank account that is opened in the name of HUF may be provided at the request of the Client's bank (*NSDL/PI/2005/0159 dated January 27, 2005 and NSDL/POLICY/2007/0064 dated October 19, 2007*).

VI. Unincorporated association or a body of individuals

- a) Proof of Existence/ Constitution document.
- b) Resolution of the managing body & Power of Attorney granted to transact business on its behalf.

- c) Authorized signatories list with specimen signatures and photographs.
- d) The account should be opened in the name(s) of the individual(s)/ person(s) forming unincorporated association or a body of individuals and operated by such individual(s)/ person(s).
- e) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.1 (III) above.

VII. Banks/Institutional Investors

- a) Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.
- b) Authorized signatories list with specimen signatures and photographs.

VIII. Foreign Institutional Investors (FIIs)

- a) Copy of SEBI registration certificate.
- b) Authorized signatories list with specimen signatures and photographs.
- c) Participants need not enter into Participant-Client agreement provided:
 - (i) FIIs are registered with SEBI and have entered into an agreement with the Participant either directly or through their power of attorney holders in accordance with the provisions of sub-regulation (1) of regulation 16 of the SEBI (Foreign Institutional Investors) Regulations, 1995; and
 - (ii) Such agreement gives the Participant an authority to act on behalf of the FIIs for availing the services of the Depository; and

- (iii) Such agreement has been filed with SEBI;
- (iv) International Multilateral Agency, who has entered into an agreement with the Participant under regulation 17 of the SEBI (Custodians of Securities) Regulations 1996, and such agreement states that the Custodian will also act as a Participant and all provision pertaining to Participant shall be applicable; then such Participant need not enter into an agreement as per Annexure B of the Bye Laws.

IX. Army/ Government Bodies

- a) Self-certification on letterhead.
- b) Authorized signatories list with specimen signatures and photographs.

X. Registered Society

- a) Copy of Registration Certificate under Societies Registration Act.
- b) List of Managing Committee members.
- c) Committee resolution for persons authorised to act as authorised signatories with specimen signatures.
- d) True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

1.3.3 Escrow Account:

Participants should accept the following documents for opening of an escrow account:

- (a) KYC documents of Corporate and Escrow Agent.
- (b) Copy of escrow agreement duly signed by all the parties.
- (c) The account should be opened in the name as mentioned in the Scheme, which is approved by a competent authority and is in accordance with SEBI regulations. Further, the operation of such

account should be governed by the terms and conditions of escrow agreement.

- (d) Copy of PAN card of both parties involved in such an arrangement. However, PAN details of the Corporate should be captured in the account after the same has been verified in accordance with point no. 1.1.4 above.
- (e) The account should be used only for holding securities, which are required to be transferred under the specific scheme and in accordance with the SEBI regulations.
- (f) As the account is opened for specific purpose, the same shall be closed immediately after the shares held in the account are transferred to the respective demat accounts or are extinguished as required under the said scheme.

1.3.4 Depository account for unclaimed shares of listed companies:

- (a) The depository account may be opened in the name as “<Name of Issuer> – Unclaimed Suspense Account” under the type “Body Corporate” and sub-type “Others” by the Issuer.
- (b) The Issuer shall submit a declaration on its letterhead, signed by the authorized signatories, stating that: “*We hereby undertake that we will ensure compliance with the provisions of the applicable SEBI guidelines for dealing with unclaimed shares. We further undertake that the said depository account will only be used for specified purposes*”.
- (c) Procedure mentioned above in point nos. 1.3.1 and 1.3.2 (I) about opening of depository account in case of non-individual should be followed.

1.3.5 CM Account:

- I. The CM should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format given in Annexure

K of the Business Rules of NSDL and submit the same to the Participant alongwith the agreement (*as per Annexure B in the Bye Laws*) duly executed on a stamp paper of appropriate value. Further, the Participant shall be responsible in deciding the value of the stamp paper. The schedule of fees to be charged by the Participant to the CM should form a part of the agreement.

- II. Following documents are required for opening a CM account:
 - a) A copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID to the CM signed by its authorised official.
 - b) A copy of the latest SEBI registration certificate (*not applicable for CMs of Commodity Exchanges*).
 - c) Board Resolution for authorised signatory.
 - d) Memorandum of Association and Articles of Association.
 - e) Specimen copy of the cheque for capturing the 9-digit MICR code.
- III. Participant should verify the completeness of the account opening form and verify the copies submitted with the original documents.
- IV. If the documents are in order, the Participant should accept them and give an acknowledgement duly signed and stamped to the CM.
- V. The Participant should forward the following documents to NSDL for allotment of CM BP ID:
 - a) Copy of Account opening form,
 - b) Copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID signed by its authorised official and copy of the latest SEBI registration certificate (*not applicable for CMs of Commodity Exchanges*). These documents should be verified and attested as per point no. 1.1.1 (b)

alongwith the stamp of the Participant, signature of Compliance Officer, name and designation.

- VI. NSDL will allot the CM-BP-ID and intimate to the Participant electronically.
- VII. The Participant should capture the signature(s) of the authorised signatories as given in the Account Opening Form in the DPM System.
- VIII. The Participant should enter the Client account number generated from the DPM System in the Account Opening Form.
- IX. The Participant should print the Client Master Report and give it to the CM alongwith a copy of the Agreement.

1.4 Additional requirement for special type of accounts

1.4.1 **Promoter account:** While opening such accounts, Participants are advised to obtain an undertaking from the Client that said beneficiary account(s) are opened for the sole purpose of holding and transacting for the securities held as promoter and no other securities will be held/transacted in the said account.

1.4.2 **DR account:** It may be mentioned that since the Client has already been identified by the Participant (*the Client should be an existing account holder*), a separate agreement may not be required. However, Participants must ensure that the Client gives a letter mentioning its intention to open a separate account for holding DR-cancelled securities and that it will be bound by the agreement it had earlier signed with the Participant (*NSDL/PI/2002/0899 dated June 7, 2002*).

1.4.3 **Margin Account:** While opening such accounts, Participants are advised to obtain an undertaking from the CM/Broker that the said beneficiary account(s) are opened for the sole purpose of holding and transacting for Client margin purposes and no other securities will be held/transacted in the said account.

**1.5 Procedure to be followed if there are more than three holders
(NSDL/PI/99/231 dated April 8, 1999):**

In the account opening module of the DPM System, there is a provision for only three joint names as presently, allotments in the primary market and purchases in the secondary market are permitted only with a maximum of three joint names. However, there are very old cases of shareholdings where the number of joint holders are four or even more. The issue of dematerialisation of such holdings was discussed in the SEBI meeting held on February 12, 1999 and it was decided that Depositories shall formulate a system to incorporate more than three joint names for Client accounts and Participants shall be advised accordingly. It was also decided that no credits, other than on account of dematerialisation of securities would be allowed to such accounts. In view of this, Participants are advised to follow the procedure given below for the same :

1.5.1 A separate account must be opened in the name of the joint holders with four or more names. The standing instructions to receive credits, receipt instructions, new issue applications and any other instruction which has the effect of crediting this account should not be accepted. Appropriate annexure should be attached to the account opening form in order to include various details viz; name, address, signatures, etc. of more than three holders. An undertaking should be obtained from the Client on the lines that "the Client shall not use this account for the purpose of allotments in the primary market or purchases from the secondary market and hence no instructions other than for dematerialisation, bonus, rights & preferential offer will be given by the Client to any person which has the effect of crediting this account".

1.5.2 While opening the account, the Participant shall capture the names of the four or more joint holders by numbering them in the DPM and

entering the first holder's name in the first holder's field and accommodating the rest of the names in the fields for second and the third holder, eg. : - In case of joint holdings in four joint names of Mr. A, Mr. B, Mr. C & Mr. D, the account can be opened in the DPM as follows; First Holder's Name : 1. Mr. A; Second Holder's Name 2. Mr B; Third Holder's Name 3. Mr. C 4. Mr. D.

1.5.3 The Participant shall process the dematerialisation request as per the usual procedure while ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account. After the balances in such joint account become nil, the aforesaid joint account should be closed.

1.5.4 Participants are further advised that in case of holdings of a "Trust" held in the joint names of four or more trustees, the procedure given above for opening the account can be adopted without any restrictions on receiving credits into that account.

1.6 Commodity Account (NSDL/PI/2003/1882 dated November 27, 2003, NSDL/PI/2005/1441 dated August 9, 2005 and NSDL/POLICY/2009/0007 dated January 20, 2009):

As legal status of warehouse receipts is different from that of securities, it is necessary for Participants to enter into a separate agreement with persons seeking to open a depository account for the purpose of holding and dealing in electronic warehouse receipts.

1.6.1 Account opening procedure will be similar to depository account. All precautions and procedures for account opening, change in address, etc. as applicable to securities account shall be followed. For the purpose, Participant should be empanelled with Commodity Exchanges (*who have*

established connectivity with NSDL) for providing depository services relating to warehouse receipts.

- 1.6.2 Such accounts shall hold only electronic warehouse receipts of respective Commodity Exchanges and cannot be mixed up with other securities. Further, the Participant needs to open separate accounts and enter into separate agreements with the Clients for holding warehouse receipts of NCDEX and MCX. In case the Client intends to hold warehouse receipts of National Spot Exchange Limited (NSEL), the account opened for holding warehouse receipts of MCX can be used, provided the Participant is empanelled with both MCX and NSEL. If the Participant is exclusively empanelled with NSEL, Clients need to open a depository account and execute the prescribed agreement with the Participant for holding electronic warehouse receipt of NSEL.
- 1.6.3 Commodity flag should be enabled for these depository accounts.
- 1.6.4 Participants may make their own business/contractual agreement with the Commodity Exchanges / warehouse owners, as they deem fit, including terms and conditions related to collection of rent, etc. If Participants are required to collect any charges/tax/rent on behalf of Commodity Exchanges / Warehouse, Participants may have to ensure that such function has adequate legal basis.
- 1.6.5 NSDL will issue circular relating to activation of Commodities Identifier [ICIN] (*equivalent to ISIN*) as and when such ICINs are activated in the system. The transaction statement will contain ICIN-wise balances. Commodity descriptor will contain unit of measurement, for e.g.:- "*ICIN No.*) Castor Seed Grade A, Ahmedabad (*in MTs*)."
MT = Metric Tonnes.
- 1.6.6 Initial credit of electronic warehouse receipts into depository account will be effected by way of corporate action.
- 1.6.7 Procedure for transfer, pledge and freeze will be the same as is applicable to securities.
- 1.6.8 Participants are advised to note that for making a request for delivery of commodities/metals represented by warehouse receipts "Physical Delivery

Request Form" (*PDRF*) in the prescribed format should be filled-up by the Clients and after processing the requests such instructions should be executed in the DPM System by the Participants using 'Remat/Repurchase Screen' under the type 'Remat'. The procedure for rematerialisation of warehouse receipts will be same as is applicable for securities. Participant shall issue acknowledgment for receipt of the remat request by entering remat request (transaction) number on the acknowledgment portion and attest the signature of the Client on the copy of PDRF. Client will submit this acknowledgment and attested copy of PDRF to the warehouse at the time of taking delivery.

1.6.9 Commodity depository accounts for Partnership firm: Commodity depository accounts can be opened in the name of "Partnership firm" under type/sub-type "Body Corporate/ Others", as the structure and regulations governing transactions in commodities do not prohibit a partnership firm to hold commodities in the name of partnership firm. For the purpose, Participant should be empanelled with Commodity Exchanges for providing depository services relating to warehouse receipts.

1.7 Guideline for capturing details in DPM system:

The Participant should enter the details of the Client as mentioned in the KYC Application Form and Account Opening Form, in the DPM System after verifying with the POI and Proof of Address. It may be mentioned that Participants can avail the facility of Bulk Verify and Release with respect to opening of Client accounts in the DPM System (*NSDL/PI/2007/0019 dated April 4, 2007*).

1.7.1 Capturing of PAN details:

- a) After verification of PAN details as per point no. 1.1.4 above the PAN of Client should be captured in the DPM system. In case of joint accounts, the PAN of each of the joint holder should be captured in the

DPM System after making verification as explained above. As all Participants are aware, DPM System is enabled to capture PAN of all joint holder(s) of a depository account.

- b) Thereafter, PAN flag(s) should be enabled in the DPM System (*NSDL/POLICY/2006/0012 dated March 25, 2006*).
- c) Participants are restricted from modifying the PAN of a holder in a Client account in DPM System, once the PAN flag has been enabled. However, Participant may approach NSDL for modifying the PAN or PAN flag and NSDL will provide a facility for Participants to register a request for modification of PAN for such holders in Client account (*NSDL/POLICY/2007/0052 dated September 13, 2007*).
- d) In case of HUF, Partnership Firm, Unregistered/ Private Trust etc. although the account is opened in the name of karta, partner(s), trustee(s) etc. PAN of HUF, Partnership Firm, Unregistered/ Private Trust etc. should be captured in the DPM system after due verification as per aforesaid procedure.
- e) In case minor account, PAN details of the minor should be captured in the DPM System after due verification. (*NSDL/POLICY/2006/0031 dated August 9, 2006*).

1.7.2 Capturing of address:

- a) Participants can capture two addresses in the DPM System for a Client (*first holder/sole holder*) i.e. local and correspondence addresses. The Client Master Report and Export will carry both these addresses.
- b) For both, local and correspondence addresses of a Client, Participants should ensure that they collect and verify the KYC documents as mentioned in point nos. 1.1.1 (b), 1.1.2 and 1.1.3 only then the same should be captured in the DPM System.
- c) The local address would be the default address that would be forwarded to the Registrar & Transfer Agent (RTA) as well as used for printing Transaction Statement (SOT) from DPM System. However, the Client

has the option to request the Participant to use the other address i.e. correspondence address for the aforesaid purposes. In such a situation, the Participant should disable the default indicator under the option "Beneficiary Address Local" (*referred to as 'Address Preference Flag' in batch file import format*).

- d) Participants may capture the landmark details in the DPM System, which are not mentioned in the proof of address submitted by the Client but are mentioned by Client in the account opening form. The landmark details could include details like name of the building / mall / junction / school / garden / hotel / bank / railway station / company name / bus depot etc with the preceding words such as 'near by', 'adjacent to', 'behind', 'next to', 'opposite to', 'off' etc.
- e) In case the NRI/FN/Foreign entities have submitted only proof of address as foreign address, in such a situation, Participants may capture the foreign address in both local and foreign address fields given in DPM system.

1.7.3 Capturing of Bank details

- a) Capture 9-digit MICR codes and IFSC for all the accounts opened. Participants are advised to capture bank address details strictly in the manner described below:
 - Row 1 : Building / Tower / Apartment / Palace / Chamber / Mansion
 - Row 2 : Street / Road / Marg / Lane / Avenue / Rasta
 - Row 3 : Area name
 - Row 4 : City name
 - Pin code : Bank address PIN code
- b) In case of HUF, Partnership Firm, Unregistered/ Private Trust etc. although the account is opened in the name of karta, partner(s), trustee(s)

etc. Bank details of HUF, Partnership Firm, Unregistered/ Private Trust etc. should be captured in the DPM system after due verification as per aforesaid procedure.

1.7.4 Signature of Client:

- a) The Participant should capture the Client's signature(s) as given in the KYC Application Form and/or Account Opening Form in the DPM System. For non-individuals alongwith signature of authorised signatory(ies), capture the mode of operation in the DPM system.
- b) In case the trustee(s)/ partner(s) etc. are individuals, capture the signature(s) of the individuals. In case the trustee(s)/ partner(s) etc. of the unregistered trust/ partnership firm are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, capture the signature(s) of the authorised signatories in the DPM System.
- c) **Illiterate Person:** A remark should be put in the DPM System (*under the authorised signatory details under "Signatories" screen*) at the time of opening the account that the account holder is illiterate or disabled.
- d) **Blind Person:** A remark should be put in the DPM System (*under the authorised signatory details in 'signatories' screen*) that the Client is "Visually Challenged".

1.7.5 Standing Instruction indicator: For ease of data entry, the Standing Instruction indicator in the DPM System would be in an enabled status with respect to all types of Client accounts except for accounts with sub-type "DR" at the time of opening depository accounts. For those Clients who have not opted for Standing Instructions, the Participant should disable the Standing Instruction indicator in the DPM System.

1.7.6 SMS flag: For ease of data entry, the SMS flag of the account holder will automatically get enabled in the DPM System after the Participant captures the mobile number (*Participants are advised to strictly capture the ten digit*

mobile number with the first digit as “6” / “7” / “8” / “9”) of the respective account holders at the time of opening of depository accounts. If the Client submits the mobile number but does not wish to opt for the SMS Alert facility, the Participant should capture the mobile number in the DPM System and disable the SMS flag either from the front end of the DPM System or through back office file import (NSDL/POLICY/2008/0059 dated September 1, 2008 & Circular No.: NSDL/POLICY/2010/0010 dated January 28, 2010).

1.7.7 NRI (Repatriable/Non- Repatriable) account (NSDL/PI/98/007 dated January 2, 1998):

- I. The account should be opened in the name of the NRI in the DPM System under repatriable category when securities are held on repatriable basis and under non-repatriable category when securities are held on non-repatriable basis.
- II. Participants are advised to capture the following details in the DPM System against the RBI reference number and date:
 - (a) If the NRI has at any time purchased securities from the secondary market, i.e., under Portfolio Investment Scheme, then the RBI reference number and date mentioned in the RBI approval letter should be entered.
 - (b) If the NRI has never purchased securities from the secondary market, but the securities have been allotted in the primary market, i.e., under Direct Investment Scheme, then the Participant should mention the following :

RBI Reference No. : “Under General Permission”

RBI Approval Date : Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

- (c) If the NRI does not hold any securities, then the Participant should mention the following :

RBI Reference No. : “No Holdings”

RBI Approval Date : Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

1.7.8 Promoter account: Separate sub-types are available in the DPM system to enable promoters to separately hold securities issued as "Promoter" of the company.

1.7.9 DR Account:

A sub-type "DR" is present for the Client types viz.; 'Resident', 'Non Resident Indian', 'Foreign Institutional Investor', 'Corporate Bodies', 'Foreign National' and 'Mutual Fund'. This sub-type is for the purpose of enabling investors to separately hold equity shares issued upon cancellation of Depository Receipts (GDR/ADR) held by them. Further, the existing account holders under Client type 'Foreign National' have been categorised under the sub-type "FN".

In this context, Participants are advised as follows:

- (a) In order to receive the securities issued upon cancellation of the Depository Receipts (DRs) held by the investors, they will have to open a separate account with sub-type "DR" under the relevant Client type/category and ensure that only such securities are credited in this account.
- (b) The standing instruction indicator in the DPM System **should not be enabled** for accounts with sub-type "DR". The Clients will have to give specific receipt instructions to the Participants for receiving securities issued upon cancellation of DRs.

1.7.10 Margin Account:

- (a) Sub-type viz. "Margin Account" can be selected under the Client types viz.; 'Resident' and 'Body Corporate' under Client Maintenance Module in DPM System.
- (b) Sub-type "Margin Account" enables CMs to open beneficiary accounts to hold securities for Client margin purposes.

1.7.11 The Participant should save the details and enter the Client account number (Client ID) generated by DPM System in the Account Opening Form.

1.8 Information to KYC Registration Agency and Clients:

1.8.1 Information to KYC Registration Agency (KRA):

- a) After doing the initial KYC of the new clients, the Participant shall forthwith upload the KYC information on the system of the KRA and send the KYC documents i.e. KYC Application Form and supporting documents of the clients to the KRA within 10 working days from the date of execution of documents by the Client and maintain the proof of dispatch.
- b) The KRA system shall be applicable for all new Client accounts opened from January 1, 2012. Only for the Client accounts opened between January 1 and January 31, 2012, the Participants may upload the KYC data on the KRA system and send the relevant KYC documents to KRA, by February 15, 2012. However, for Client accounts opened from February 1, 2012, the Participants shall continue to follow the requirement of sending the same within 10 working days as given in point no. 1.7.1 (a) above. SEBI has also advised that the

existing Clients can continue to trade/ invest/ deal with their intermediaries as per the current practice.

- c) In case a Client's KYC documents sent by the Participant to KRA are not complete, the KRA shall inform the same to the Participant who shall forward the required information / documents promptly to KRA.
- d) For existing Clients, the KYC data may be uploaded by the Participant provided they are in conformity with details sought in the uniform KYC form prescribed vide SEBI circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011. While uploading these Clients' data the Participant shall ensure that there is no duplication of data in the KRA system.
- e) The Participant shall maintain electronic records of KYCs of Clients and keeping physical records would not be necessary.
- f) The Participant shall promptly provide KYC related information to KRA, as and when required.
- g) The Participant shall have adequate internal controls to ensure the security / authenticity of data uploaded by it.
- h) Upon receipt of information on change in KYC details and status of the clients by the Participant or when it comes to the knowledge of the Participant, at any stage, the Participant shall be responsible for uploading the updated information on the system of KRA and for sending the physical documents to KRA, wherever necessary.

1.8.2 Information to Client:

The Participant should print the Client Master Report and give it to the Client alongwith a copy of the Agreement. Such information should be provided only after the account is in “Active” status in the DPM System (*NSDL/PI/98/583 dated November 18, 1998*).

2. Change in demographic details :

2.1 Change of address (*NSDL/PI/2004/1622 dated September 7, 2004 & NSDL/POLICY/2008/0040 dated June 4, 2008*):

2.1.1 For depository account opened in the name of individual

- I. While processing requests for change of address received from Clients, Participants should obtain the following documents:
 - (a) a written application for change of address from the Client (*In case of joint holdings, all holders must sign the application*);
 - (b) POI [*copy of any one of the documents mentioned in point no. 1.1.2 above of the Client (sole holder or either of the holders) visiting the office of the Participant*];
 - (c) latest transaction statement of the account received from the Participant. In case a Client (*sole holder or either of the holders*) personally visits the Participant's office to submit an application (*signed by all holders in case of joint holdings*) for change of address alongwith necessary documents (*POI / proof of address*) mentioned in point nos. 1.1.2 and 1.1.3, the Participant need not obtain the transaction statement from such Client (*NSDL/POLICY/2007/0030 dated June 18, 2007*);
 - (d) Proof of new address [*copy of any one of the documents mentioned in point no. 1.1.3 above*] alongwith the original documents of the new address for verification.
- II. The Client should personally visit the office of the Participant where the Client maintains and operates his/her account and submit the application for change of address. However, in case the

Client expresses inability to personally visit the office of the Participant, the application for change of address alongwith other documents can be submitted through an authorised representative, whose identity the Participant must verify by collecting any of the proof of identity documents as stated in point no. 1.1.2 above.

- III. The Client or its authorised representative should sign the application once again in the presence of the officials of the Participant.
- IV. The Participant should verify the signature of the Client on the application and the identity documents with the signature of the Client available with the Participant. Further, the document pertaining to new address should be verified and attested in accordance with point no. 1.1.1 (b) and thereafter record the change of address in the DPM System.
- V. In case of change (*addition/ deletion/ modification*) in the landmark details for the address which is already captured in the DPM System, Participants may limit the changes to the landmark details, after obtaining a request from the Clients on a plain paper, which is signed by all the holder(s) (*in case of joint holdings*). Participants are advised to note that the address of the Client captured in the DPM System, as mentioned in the proof of address, should not change and only limit the change in the landmark details.
- VI. After effecting the change of address in the DPM System, the Participant should send a communication to the Client, confirming the change of address, to the old and the new addresses.

2.1.2 For depository account opened in the name of non-individual

- (a) A written application for change of address of the corporate entity, signed by the authorised signatories should be submitted to the Participant.
- (b) Atleast one of the authorised signatories should visit the office of the Participant in person to submit its application for change of address alongwith necessary documents. However, in case authorised signatories expresses their inability to personally visit the Participant's office, the application for change of address alongwith other documents including the latest transaction statement can be submitted through an authorised representative whose identity the Participant must verify by collecting any of the proof of identity documents as stated in point no. 1.1.2 above.
- (c) The authorised signatories or their authorised representative should sign the application once again in the presence of the officials of the Participant.
- (d) Participant should collect Proof of new address (*copies of documents mentioned under point no. 1.1.3 alongwith the original document of new address, for verification by the Participant*).
- (e) An authorised official of the Participant shall verify the application and the abovementioned documents should be verified and attested in accordance with point no. 1.1.1 (b) above and thereafter record the change of address in the DPM System.
- (f) After effecting the change of address in the DPM System, the Participant should send a communication to the Client, confirming the change of address, to the old and the new addresses.

2.2 Change of Signature (NSDL/PI/2004/0045 dated January 7, 2004):

2.2.1 For depository account opened in the name of Individual:

Participants are advised to follow the below mentioned procedure for effecting change of signature of Clients:

- a) The Client should make a request in writing specifying reasons for change in signature.
- b) New signature should be duly attested by Client's banker.
- c) Client should visit the Participant's office personally and produce valid POI. (*NSDL/POLICY/2007/0030 dated June 18, 2007*)
- d) In the presence of officials of Participant, Client should affix his/her new signature.
- e) An authorised official of the Participant shall, under his signature, verify the identity proof with the proof and photograph that were furnished at the time of opening of account and thereafter, if found satisfactory, make necessary changes in its records.

2.2.2 For depository account opened in the name of non-individual - Change of authorised signatory:

In case of change in authorised signatory, the Client should provide a fresh board resolution mentioning authorised signatories who shall operate the depository account alongwith the specimen signature and photograph of the new authorised signatory. Participants need not obtain the details of the existing authorised signatories if they remain unchanged. Thereafter, Participants are advised to capture the signature of the new authorised signatories in the DPM System. Participants should ensure that the signatures of the outgoing authorised signatories should be dislodged from the DPM System.

2.3 Change in status of Standing Instruction:

If the Client requests for change in standing instruction, Participant should carry out the changes in the DPM System based on proper authorisation received from the Client (*signed by all the holders in case of joint holdings*). In case the 'execution date' for change in standing instruction is provided by the Client that date must be entered in the DPM system. If 'execution date' for change in standing instruction is not provided by the

Client, then the 'current date' of execution of such instruction must be entered (*NSDL/POLICY/2009/0090 dated October 1, 2009*).

2.4 Change in bank details:

2.4.1 Participant should obtain written request signed by the authorised signatories. Participant should ensure that the request submitted by the Client is completely filled, including the bank account particulars of the Client and properly signed (signed by all the holders in case of joint holdings and by authorised signatories in case of body-corporate) (*NSDL/PI/97/119 dated July 22, 1997*).

2.4.2 Any one or more of the documents given below can be accepted as proof of bank details:

- a) Specimen copy of cheque/cancelled cheque
- b) Copy of Bank Statement
- c) Copy of Bank Passbook
- d) Letter from Bank

2.4.3 The aforesaid documents specified at 2.4.2 above must contain the following information to be acceptable as proof for bank details:

- a) Bank Name
- b) Branch Address
- c) IFSC/MICR code
- d) Name of account holder
- e) Account Number

2.4.4 Update the IFSC/MICR code while updating the bank account details of the Client (*NSDL/POLICY/2007/0023 dated April 24, 2007*).

2.4.5 Participants need not seek from their Clients the proof of the bank details for capturing the bank details in the depository account, if they

have direct access to the bank records for verification of the bank details provided by their Clients.

2.5 Change in SMS flag and / or mobile numbers:

- 2.5.1 Participant must obtain a written request from the Client for change in mobile number and/or SMS flag. In case request is received through email or website of Participant, refer procedure mentioned at point no. 2.7.
- 2.5.2 For joint holdings, the written request must be signed by the holder whose mobile number and / or SMS flag is being changed.
- 2.5.3 Participants are advised to strictly capture the ten digit mobile number with the first digit as “6” / “7” / “8” / “9” and/or update the SMS flag, as requested by the client.
- 2.5.4 For ease of data entry, the SMS flag gets enabled automatically upon capture / modification of mobile numbers in DPM System. Thus, Participants must take due care at the time of modifying mobile numbers in the DPM System, particularly for Clients who have not opted for SMS alert facility. If the Client submits the mobile number but does not wish to opt for the SMS Alert facility, the Participant should capture the mobile numbers in the DPM System and disable the SMS flag from front end of DPM System or through back office.

2.6 Change in name of Body-Corporate accounts (NSDL/POLICY/2008/0085 dated December 16, 2008):

- 2.6.1 The DPM System allows Participants to make name change in Corporate accounts for Client types viz., Body-Corporate, Bank, Financial

Institution (FI), FII, Mutual Fund (MF), Trust and various sub-types as given in the enclosed Annexure I.

2.6.2 Documents required to be collected by Participants at the time of change of name of Corporates are given below:

(a) In case the entity is registered under the Companies Act, 1956, and the name of company has been changed, the following documents should be obtained from the Client:

- i) Letter requesting for change of name signed by the authorized signatories.
- ii) Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.
- iii) Certified true copy of Board Resolution for change of name.

(b) In case of other corporate entities, where the name of corporate has been changed, the following documents should be obtained from the Client:

- i) Letter requesting for change of name signed by the authorized signatories.
- ii) Certified true copy of Board Resolution for change of name.
- iii) Certificate of registration issued by SEBI / relevant Statutory Authorities, as applicable.

(c) In case of amalgamation / scheme of arrangement of the entity registered under The Companies Act, 1956, the following procedure needs to be followed:

- I) Obtain the following documents:
 - i. Letter requesting for change of name signed by the authorized signatories specifying the details of the depository account.
 - ii. Certified true copy of court order sanctioning the scheme of arrangement for merger or amalgamation.

- iii. Certified true copy of Form 21 filed with Registrar of Companies (RoC) as required under section 394(3) of The Companies Act, 1956 alongwith certified true copy of challan of payment made to RoC as generated from the website of Ministry of Corporate Affairs viz.; <http://www.mca.gov.in/MCA21/>.
 - iv. The KYC Application Form alongwith the supporting KYC documents as stipulated in the SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5, 2011 for the transferee company/resulting entity. In case the KYC details of the transferee/ resulting entity are already registered with any of the KRA, as per Regulation 16 (b) SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 *“When the client approaches another intermediary subsequently, it will be optional for the intermediary to verify and download the client’s details from the system of KRA or to take fresh KYC as per existing system”*.
- II) Upon receipt of the aforesaid documents, the Participant must;
- i. Verify the PAN details of the transferee/resulting entity as per the procedure stipulated at point no. 1.1.4 above for Account Opening and modify the PAN.
 - ii. Update the address, authorized signatory and other details such as Bank account details of the transferee/resulting entity, if different, in the depository account after following the stipulated procedure for change of address, authorized signatory, etc. Further, in case Client has submitted a fresh set of KYC documents to the Participant, which have been uploaded by the Participant on the KRA system and there is any change in the demographic details, there is no need for the

Client to submit the same set of documents once again for update of details in the depository account.

iii. Update the name of the transferee/resulting entity in the depository account.

(d) In case of amalgamation/ scheme of arrangement of other corporate entities, Participants are requested to close the existing account and open new account by following the prevailing process, as at present.

2.6.3 The change of name for a Corporate account can be carried out in the DPM System through Client Modification Module - Primary and Address Details Modification.

2.6.4 While carrying out the modifications, the name of any existing account holder of an account can neither be deleted nor any new name can be added. Participants can only make changes to the name(s) of existing account holder(s) of the account.

2.6.5 When the instruction is captured and verify/released, the DPM System will flash:

- a) an alert message on the screen as to whether the Participant wishes to make changes to the PAN, email ID, mobile number etc. of the account holder. Participants may ignore such message if there are no changes to be carried out with respect to the aforesaid details.
- b) a warning message on the screen to re-capture the signatures of the authorized signatories. Participants may ignore such message if Participants have already re-captured the signatures of the authorized signatories or there is no change to the authorized signatories.

2.6.6 The Client Name Audit Report in the DPM System will display the old as well as new name of the Corporate.

Note :

1. Name change to the Corporate account can be carried out only through the front end application of the DPM System.

2. The pledge details in the DPM System of the Participant of the pledgee will continue to reflect the old name of the Corporate, if the Corporate is the pledgor.
3. Subsequent to name change, the Transaction Statement (SOT) report will reflect the new name of the Corporate for the SOT generated for the past dates as well. The Statement of Holding (SOH) report will also reflect the new name of the Corporate. Hence, it is for the Corporate to decide whether it wants to open a new account or continue with the existing account with the new name.

2.7 Changes in Client Details based on request received from Client through email or website of Participants:

Participant may add, modify or delete the details viz; Phone number, Fax number, Mobile number, Email ID and SMS facility based on the request received from the Client through email or website of Participant provided it ensures compliance with the following:

2.7.1 Request received through email:

- a) Request is received from the email address which is recorded in the DPM system.
- b) On receipt of request, a confirmation email is sent to the Client at the email address recorded in the DPM system requesting the Client to reply to email.
- c) The Client replies to the email sent as mentioned at point no. (b) above.

2.7.2 Request received through the website of Participant:

- a) There are adequate systems and security features in place to authenticate the Client and to ensure that the Client itself has made a request for change.
- b) Participant must implement Secure Socket Layer (SSL) security for its internet facility featuring site authentication and encrypted communication and appropriate Client authentication so as to restrict the access only to the Client.

- c) Participant will be liable to conclusively prove the origin, date and time of receipt of request by it.
- 2.7.3 The records relating to requests received through email or web portal are maintained by Participant for the stipulated period and are available for audit/inspection, as and when called for.
- 2.7.4 After the changes are effected, keep the Client informed about the change through alternate means (*e.g.: if mobile number is changed, an email or letter must be sent; if email address is changed, an SMS or letter at the address of the Client must be sent, etc.*).

2.8 Procedure for name change of CM account:

- 2.8.1 The following documents should be forwarded to NSDL for effecting change of name in the CM account.
- (a) Copy of the latest SEBI registration certificate in the new name (*not applicable for CMs of Commodity Exchanges*).
 - (b) Letter from the Clearing Corporation/Stock Exchange signed by its authorised official mentioning the CC-CM-ID and effecting the change of name in its system.
 - (c) Copy of document/ certificate received from ROC notifying the name change.
 - (d) Copy of High Court Order in case of name changes due to mergers/amalgamations.

2.8.2 These documents should be verified and attested as per the procedure mentioned at point no. 1.1.1(b) above and signed by Compliance Officer.

2.9 After effecting the changes in the DPM System for the abovementioned demographic details [*point nos. from 2.1 to 2.6 above*], the Participant should send a communication (*letter / email / Client Master Report generated from the DPM System or its back office or any other mode which the Participant may deem fit*) to such Client informing about the changes effected in the account of the Client.

3. Nomination:

3.7 Procedure to be followed with respect to Nomination (*NSDL/POLICY/2009/0002 dated January 3, 2009, NSDL/POLICY/2009/0004 dated January 9, 2009 and NSDL/POLICY/2009/0081 dated September 5, 2009*):

3.1.1 At the time of opening his/their account, the Client will be required to tick the appropriate option as given below:

(i) "I/We wish to make a nomination and do hereby nominate the following person in whom all rights and / or amount payable in respect of securities held in the Depository by me / us in the said beneficiary owner account shall vest in the event of my / our death."

(ii) "I/We do not wish to make a nomination."

3.1.2 For Client(s) who make a nomination of his/their account in favour of any person, may, fill-up with the relevant Participant the form laid out in Annexure JA of the Business Rules. In the case of joint accounts, all the account holders shall be required to affix their signatures to the said form. Such nomination shall be conclusive evidence of the Client(s) disposition in respect of all the securities in the account for which nomination has been made.

3.1.3 The nomination can be made only by individuals holding beneficiary accounts on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power of attorney cannot nominate. If the account is held jointly, all joint holders will sign the nomination form.

3.1.4 A minor cannot nominate. However, a minor can be a 'nominee'. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficiary owner. The details with respect to date of birth of the minor nominee and the flag to indicate such nominee should be captured in the DPM System (*NSDL/PI/2005/1102 dated June 22, 2005*).

- 3.1.5 The Nominee shall not be a trust, society, body corporate, partnership firm, karta of HUF or a power of attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.
- 3.1.6 Nomination in respect of the beneficiary account stands rescinded upon closure of the beneficiary account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.
- 3.1.7 Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.
- 3.1.8 The cancellation of nomination can be made by individuals only holding beneficiary accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non-individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power of attorney cannot cancel the nomination. If the beneficiary account is held jointly, all joint holders will sign the cancellation form.
- 3.1.9 On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.
- 3.1.10 Participants must send a communication to their existing Clients who have not yet opted for nomination, to submit a declaration specifically stating the following:
- I/We the undersigned wish to make a nomination in respect of my Beneficial Owner (BO) account and the nominee details are as follows:
 - I/We the undersigned do not wish to make a nomination in respect of my BO account.
- 3.1.11 Further, Participants are also requested to refer rule 12.6.3 of Business Rules of NSDL with respect to details on nomination.

3.8 Make a nomination / Cancel the Nomination in Individual account:

In case the Clients request to make a nomination / cancel the nomination in their depository accounts, Participants should carry out the changes in the DPM System after obtaining written request alongwith Annexure JA, which is duly signed by the Client (*signed by all the holders in case of joint holdings*).

4. Minor attaining majority (NSDL/POLICY/2008/0034 dated May 21, 2008).

On minor attaining majority (*i.e. 21 years of age in case of minor whose Guardian is court-appointed or 18 years where minor's account is represented by a natural guardian*), Participants should follow the procedure given hereunder:

Sr. No.	Procedure	Reference	Remark
4.1	Ascertain the cases where Minors have attained Majority.	Access the module 'Reports' / Master List / Minor turned Adult available in the DPM System	Report displays accounts that are in status 'Active', 'Suspended for Debit' and 'Suspended for Debit & Credit'
4.2	Communicate to the Client (Minor attained Majority) immediately advising him/her to submit a fresh account opening form alongwith necessary KYC documents & PAN card alongwith photograph of the	Point no. 1.2.1 of this Circular and Annexure J of Business Rules	Income Tax Department (ITD) issues a new PAN card with same PAN with relevant changes on PAN card, on Minor attaining majority. For detailed procedure, Participants may refer http://www.incometaxindia.gov.in or

	Client and also comply with ‘in-person’ verification.		http://www.tin-nsdl.com .
4.3	Suspend the account for debit and disable the standing instruction for credit pertaining to the account of Minor.	DPM System.	This is in case where the Client does not respond within one month from the date of communication as mentioned in point no. 4.2 above.
4.4	KYC documents and PAN as mentioned under point no. 4.2 herein above should be verified and attested.	Point no. 1.1.1 (b) of this Circular.	
4.5	Execute a fresh Participant-Client agreement with the Client.	Annexure B of the Bye Laws of NSDL.	Retain the KYC documents of Guardian alongwith Participant – Client agreement executed earlier at the time of account opening by the Guardian on behalf of the Client as a part of account opening documents.
4.6	Capture the new demographic details in the DPM System after due verification of	Point no. 1.7 of this Circular	Ensure that the demographic details captured in the DPM System match with the

	same.		details in the new account opening form, KYC documents and PAN card submitted by the Client. If there is mismatch in the demographic details captured in the DPM System or if Client submits a request for modification of such details like change of Bank details, address details, etc. follow the relevant procedure.
4.7	Capture the signature of the Client (Minor turned Major) in the system in place of the signature of the Guardian (captured earlier).	DPM System	
4.8	Select "None" or "Nominee" as the case may be in the field 'Nominee/Guardian' in the DPM System to disable the entire Guardian details in the said account. If "Nominee" is selected enter the nomination	Point nos. 3 of this Circular and Annexure JA of Business Rules	Select the option after the aforesaid procedure as mentioned in aforesaid points is followed and the identity of the Client is verified. As the Client has become Major, he/she can now make a nomination in his/her account in favour of any person by filing

	details.		with the Participant a request for making a nomination in prescribed form.
4.9	Any request or instruction(s) from the guardian, which is/are to be processed or is having execution date falling on or after the date the Minor has turned Major, shall be processed/executed only after receipt of confirmation from the Client (Minor turned Major).		As Clients who have attained Majority are legally entitled to execute a contract, Participants are advised NOT to accept any requests or instructions signed by the Guardian on behalf of the Client on or after the date the Client has turned Major.
4.10	Client (Minor turned major) account is suspended for debit for non-compliance with PAN requirement		
	Follow the procedure mentioned in point nos. 4.1 to 4.8 above and capture the PAN details in the DPM System and enable the PAN flag.	Point no. 1.6.1 of this Circular	
4.11	Accounts already suspended in cases where Clients have not responded		
	Follow the procedure as mentioned under point no. 4.2 to 4.8 above.		This is in cases where the accounts pertaining to Minor Clients are suspended for debit and

			the standing instruction for credit is disabled on account of failure of the Clients to respond within the period of one month from the date of communication to Client from Participants.
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5. Power of Attorney registration/ de-registration (NSDL/PI/2000/982 dated June 23, 2000):

5.1 Sample Clause

A sample clause is given hereunder which if it forms a part of the Power of Attorney could suffice:

"To sell or otherwise deal with or dispose of and to purchase, subscribe or otherwise acquire in any manner from the market or under public or rights issues or otherwise and accept the transfers of any stocks, funds, shares, debentures, Government and other promissory notes, securities, bonds, debentures, annuities or other mercantile negotiable instruments which shall or may at any time belong to me or which hereafter be transferred to me, whether solely or jointly and whether in my own right or having any other interest of whatsoever nature and however arising and in any capacity whatsoever including those belonging to others with my name and for such purposes to sign, execute or endorse all instruments of transfer and other documents for any purpose what so ever by the virtue of these present."

5.2 General points regarding Power of Attorney:

5.2.1 A Power of Attorney executed prior to the promulgation of The Depositories Act is valid and enforceable.

- 5.2.2 It is the responsibility of the Participant to verify whether the Power of Attorney is adequate and sufficiently authorising the holder of the Power of Attorney i.e., the donee to operate the account of the beneficial owner.
- 5.2.3 Power of Attorney should be notarized in case of photocopy.
- 5.2.4 Depository accounts can be operated both by the account holder(s) as well as by the Power of Attorney holder i.e. donee. For this purpose, Participants should ensure that the signatures of the account holder(s) and the Power of Attorney holder are captured in the DPM System (*NSDL/POLICY/2007/0054 dated September 22, 2007*).
- 5.2.5 With respect to accounts that are operated through Power of Attorney, Participant should ensure to enable the Power of Attorney flag of such accounts. (*NSDL/PI/2005/1102 dated June 22, 2005*)

5.3 Review the Power of Attorney:

- 5.3.1 Participants are advised to review the Power of Attorney document and if the Power of Attorney contains any clause similar to what has been stated below, the Power of Attorney should be modified suitably:
 - a) Power of Attorney Holder i.e. Donee has the sole authority to operate the account and the account holder(s) is/are restrained from operating the account;
 - b) DIS books are denied to the account holders who have executed a Power of Attorney;
 - c) Participants are authorised to merge the securities kept under various accounts of the Clients; and
 - d) Participants will have a lien on the securities of the Clients.

The above clauses are against the interests of investors and Participants are advised to desist from including such clauses in the Power of Attorney.

5.3.2 Participants are advised to provide DIS books to the Clients who have executed a Power of Attorney and allow the Clients to operate their accounts as well.

5.3.3 Further, Participants are advised to maintain separate accounts of the clients, in conformity with Regulation 42 of SEBI (Depositories and Participants) Regulations, 1996. Lien on the securities can be created only as per Regulation 58 of SEBI Regulations and as per the procedure laid down in the Bye Laws and Business Rules of NSDL (*NSDL/PI/2005/2329 dated November 25, 2005*).

5.4 Addition / Deletion / Modification of Power of Attorney holder(s):

In case the depository account is operated by Power of Attorney and there is an addition / deletion / modification of Power of Attorney holder(s) of such an account, Participants should carry out the changes in the DPM System after obtaining written request which is duly signed by the Client (signed by all the holders in case of joint holdings) or in case of non-individual account duly signed by the authorised signatories and new Power of Attorney in case of addition / modification. In case of deletion, Participants should ensure to dislodge the signature of the Power of Attorney holder(s) from the DPM System.

5.5 Execution of power of attorney (POA) by client in favour of Stock Broker or Stock Broker & Depository Participants:

5.5.1 A Power of Attorney is executed by the client in favour of the stock broker/ stock broker and depository participant to authorize the broker to operate the client's demat account to facilitate the delivery of shares. SEBI had issued guidelines to standardize the norms to be followed by stock broker/ stock broker and depository participant.

5.5.2 Standardizing the norms for PoA must not be construed as making the PoA a condition precedent or mandatory for availing broking or depository participant services. PoA is merely an option available to the client for instructing his broker or depository participant to facilitate the delivery of shares and pay-in/pay-out of funds etc. No stock broker or depository participant shall deny services to the client if the client refuses to execute a PoA in their favour.

Clarification by SEBI: Only internet based trading exempted

Guidelines for execution of Power of Attorney by Clients favouring Stock Brokers / Stock Broker and Depository Participants

PoA favouring Stock Brokers

PoA executed in favour of a Stock Broker by the client should be limited to the following:

5.5.3 Securities

- I. Transfer of securities held in the beneficial owner account(s) of the client(s) towards stock exchange related margin / delivery obligations arising out of trades executed by the Client(s) on the stock exchange through the same Stock Broker.

Clarification by SEBI: Margin / Delivery obligations shall also include settlement obligations, if any.

- II. Pledge the securities in favour of Stock Broker for the limited purpose of meeting the margin requirements of the client(s) in connection with the trades executed by the clients on the stock exchange through the same Stock Broker. Necessary audit trail should be available with the Stock Broker for such transactions.

III. To apply for various products like Mutual Funds, Public Issues (shares as well as debentures), rights, offer of shares, tendering shares in open offers etc. pursuant to the instructions of the Client(s). However, a proper audit trail should be maintained by the Stock Broker to prove that the necessary application/act was made/done pursuant to receipt of instruction from Client.

Clarification by SEBI: Redemptions are also included in PoA pursuant to Client's instructions.

POA favouring Stock Brokers and Depository Participants

PoA executed in favour of a Stock Broker and Depository Participant by the client should:

- 5.5.4 identify/ provide the particulars of the beneficial owner account(s) of the client(s) that the Stock Broker is entitled to operate.
- 5.5.5 provide the list of clients' & brokers' demat accounts where securities can be moved. Such demat accounts should be accounts of related party only.
Clarification by SEBI: The list of clients' & brokers' demat accounts may be updated / amended by proper communication without executing a new PoA every time. Copies of such communications may be preserved as annexure to the PoA.
- 5.5.6 be executed in the name of the concerned SEBI registered entity only and not in the name of any employee or representative of the Stock Broker/Depository Participant.
- 5.5.7 not provide the authority to transfer the rights in favour of any assignees of the Stock Broker/Depository Participant.
- 5.5.8 be executed and stamped as per the rules / law prevailing in the place where the PoA is executed or the place where the PoA is kept as a record, as applicable.

- 5.5.9 contain a clause by which the Stock Broker would return to the client(s), the securities or fund that may have been received by it erroneously or those securities or fund that it was not entitled to receive from the client(s).
- 5.5.10 be revocable at any time, without notice.
- Clarification by SEBI:** PoA executed in favour of a Stock Broker / Stock Broker and Depository Participant by the client should be revocable at any time. However, such revocation shall not be applicable for any outstanding settlement obligation arising out of the trades carried out prior to receiving request for revocation of PoA. Further, the PoA revocation requests should be dated and time stamped by the brokers for ensuring proper audit trail.
- 5.5.11 be executed by all the joint holders (in case of a demat account held jointly). If the constitution of the account is changed for whatever reason, a new PoA should be executed.
- 5.5.12 authorize the Stock Broker/Depository Participant to send consolidated summary of Client's scrip-wise buy and sell positions taken with average rates to the client by way of SMS / email on a daily basis, notwithstanding any other document to be disseminated as specified by SEBI from time to time.

General Guidelines

The POA shall not facilitate the stock broker to do the following:

- 5.5.13 Transfer of securities for off market trades.

Clarification by SEBI: The PoA shall not facilitate off-market trades between parties other than the related parties as mentioned in the PoA.

- 5.5.14 for opening a Beneficial Owner account with any Depository Participant.
- 5.5.15 Execute trades in the name of the client(s) without the client(s) consent.
- 5.5.16 Prohibit issue of Delivery Instruction Slips (DIS) to beneficial owner (client).
- 5.5.17 Prohibit client(s) from operating the account.

- 5.5.18 Merging of balances (dues) under various accounts to nullify debit in any other account.
- 5.5.19 Open an email ID/ email account on behalf of the client(s) for receiving statement of transactions, bills, contract notes etc. from stock broker / Depository Participant.
- 5.5.20 Renounce liability for any loss or claim that may arise due to any blocking of funds that may be erroneously instructed by the Stock Broker to the designated bank.

Stock Broker / Depository Participant should ensure that:

- 5.5.21 A duplicate/ certified true copy of the PoA is provided to the Client(s) after execution.
- 5.5.22 In case of merger/ demerger of the Stock Broker/Depository Participant with another entity/ into another entity, the scheme of merger/ demerger should be approved by High Court and one month prior intimation given to the client about the corporate restructuring to facilitate investor/ client to continue or discontinue with the broker.

6. Shifting / Closure of Clearing Member (CM) Account

The CM may close an existing clearing account and open a new clearing account with another Participant. The CM will have to submit an application for closure of account to its Participant and an application for opening a CM account along with other documents for shifting of the CM account as explained below to the new Participant. The existing CM account will be closed by the old Participant after balances are moved out by the CM. The CM will be assigned a new CM-BP-ID by NSDL and a new CM account will be opened by the new Participant. Further, the CM may also submit the closure application upon closure of business/suspension, Participant may close the account.

The procedure for closure and shifting of CM account is as follows:

- 6.1 The CM will submit the application for closing the clearing account to the Participant (old) in duplicate.
- 6.2 The Participant (old) will verify that the application for closing the clearing account is duly filled and if in order issue an acknowledgement to the CM on the duplicate copy.
- 6.3 If the application is not in order the Participant will return the application to the CM for rectification.
- 6.4 The CM will submit the following documents to the Participant (new):
 - (a) Application for opening a CM account (*as mentioned in point no. 6.2.1*)
 - (b) Letter from Clearing Corporation/Stock Exchange regarding allotment of CC-CM-ID signed by its authorised official.
 - (c) Application for shifting of clearing account (*as per the below given format*)
 - (d) Acknowledgement copy (*signed & stamped by the authorised official*) of the application for closure of the account from the previous Participant.
 - (e) Copy of the latest SEBI registration certificate (*not applicable for CMs of Commodity Exchanges*).
- 6.5 Participant should verify the completeness of the account opening form and verify the copies submitted with the original documents.
 - (a) If the application is not in order the Participant will return the application to the CM for rectification.
 - (b) If the application is in order, the Participant (new) will execute the agreement and give a copy of it to the CM.
 - (c) The Participant (new) will forward the copy of the account opening form along with the above mentioned documents to NSDL. All the documents should be verified with its original and a stamp "**Verified with Original**" should be put on the same alongwith the name,

designation and signature of compliance officer. NSDL will allot the Clearing Member a new CM-BP-ID.

- (d) The Participant (new) will open the clearing account after the new CM-BP-ID is downloaded to its DPM System and intimate NSDL about opening of the account and the date from which pay out is intended to be received in new CM account, however, not later than seven days from opening of CM account by the Participant (new).
- (e) The new account will be marked to receive receipts-in due on pay-out after NSDL receives intimation from Participant (new).
- (f) NSDL will intimate the Participant (old) to commence the procedure for closure of the account.
- (g) On receipt of intimation from NSDL, the Participant (old) will disable the standing instruction (if any). After the completion of one BOD/EOD cycle, the Participant will verify the balances in the clearing account. If the balances happen to be zero and there are no outstanding instructions for the clearing account, the Participant will change the status of the account to "To be closed" and intimate NSDL accordingly.
- (h) On receipt of intimation from the Participant (old), NSDL will revoke the old CM-BP ID of the CM.
- (i) In case balances in its clearing account are not zero, the Participant (old) will inform the CM to move its balances out of the CM Pool account in a reasonable time.
- (j) The Participant (old) will again verify the balances in the account. If the balances happen to be zero, the Participant will follow the procedure mentioned in point no. (g) above.
- (k) If the balance in the old clearing account has not been reduced to zero within one week of opening of the new account, the Participant (old) shall inform NSDL forthwith that the balance has not been reduced to zero.

APPLICATION FOR SHIFTING OF CLEARING ACCOUNT

To be forwarded through **Depository Participant (new)**

Date:

Mr. Prashant Vagal
Vice President
National Securities Depository Limited
Trade World 4th Floor
Kamala Mills Compound
Senapati Bapat Marg Lower Parel
Mumbai - 400 013

Dear Sir,

Sub: Shifting of Clearing Member Account

This is to inform you that we wish to shift our Clearing Member Account as per the details mentioned below:

Name of Clearing Member (CM)	
Name of Clearing Corporation (CC)	
CC - CM -ID (Allotted by CC)	
CM- BP-ID (existing) (Allotted by NSDL)	
Name of Depository Participant (Old)	
Name of Depository Participant (New)	

We request you to please allot a new CM-BP-ID to facilitate shifting of the Clearing Member Account.

Yours faithfully,

(Clearing Member)

Disclaimer: While every care has been exercised by NSDL in compiling the master circular out of the various circulars/guidelines issued by NSDL from time to time, NSDL does not warrant completeness or accuracy of information and disclaims all liabilities, losses and damages arising out of the use of this information. For any specific/latest information, Participants are requested to refer to the relevant circular(s) issued by NSDL from time to time.

Annexure I – Types and Sub-types for Corporate accounts where change of name can be effected in DPM System		
Sr.No.	Type	Sub-Type
1	FI	Govt. sponsored FI
2	FI	SFC
3	FI	Others
4	FI	Govt. sponsored FI – Promoter
5	FI	SFC-Promoter
6	FI	Others-Promoter
7	FII	Mauritius Based
8	FII	Others
9	FII	DR
10	Body Corporate	Domestic
11	Body Corporate	OCB-Repatriable
12	Body Corporate	Govt.Companies
13	Body Corporate	Central Government
14	Body Corporate	State Government
15	Body Corporate	Co-operative Body
16	Body Corporate	NBFC
17	Body Corporate	Non-NBFC
18	Body Corporate	Broker
19	Body Corporate	Group Company
20	Body Corporate	Foreign Bodies

21	Body Corporate	Others
22	Body Corporate	OCB-NonRepatriable
23	Body Corporate	OCB-DR
24	Body Corporate	Foreign Bodies – DR
25	Body Corporate	Margin Account
26	Body Corporate	Domestic-Promoter
27	Body Corporate	Govt.Companies - Promoter
28	Body Corporate	Central Government - Promoter
29	Body Corporate	State Government - Promoter
30	Body Corporate	NBFC-Promoter
31	Body Corporate	Non-NBFC-Promoter
32	Body Corporate	Group Company - Promoter
33	Body Corporate	Foreign Body-Promoter
34	Body Corporate	Others-Promoter
35	Body Corporate	Co-operative Body - Promoter
36	Body Corporate	Foreign Venture Capital
37	Body Corporate	Domestic – DR
38	Body Corporate	Limited Liability Partnership
39	Body Corporate	Limited Liability Partnership - DR
40	Mutual Fund	DR
41	Mutual Fund	MF
42	Bank	Foreign Bank
43	Bank	Co-operative Bank
44	Bank	Nationalised Bank
45	Bank	Others
46	Bank	Others-Promoter
47	Bank	Nationalised Bank - Promoter
48	Bank	Foreign Bank - Promoter
49	Bank	Co-operative Bank - Promoter
50	Trust	