

Frequently Asked Questions (FAQ) On General Clarifications (GC) For Depository Participant (Version 1)



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1. Account Opening:

1.1 What is the procedure for opening of a demat account of Non-Resident Indian/ Foreign National (NRI/FN)?

Ans: Participants are advised to be guided by procedure mentioned in Point Nos. "1.1. General Guidelines", "1.2.4 Non-Resident Indian/ Foreign National (NRI/FN)" and 1.8 (7) of Account opening chapter of NSDL Master Circular for Participants (DPs).

1.2 What is the procedure for opening of depository accounts with Non-Resident Indian (NRI) as the first holder and Resident Indian as the second holder or vice versa?

Ans: Participants may open a depository account where the NRI is the first holder and Resident is the second holder or vice versa as per the extant guidelines. The category of the accounts shall be as per type and sub type of the first holder.

1.3 What are the documents may be accepted as Proof of Address (PoA) for Non-Resident & Foreign National Clients?

Ans: Participants are advised to be guided by Point Nos. 17, 20, 21 and 22 of <u>SEBI Master Circular on KYC norms</u> for the securities market" dated October 12, 2023 regarding documents admissible as proof of address for Non-Resident & Foreign National Clients.

1.4 What is the procedure for opening of a demat account of foreign company/ body corporate (FDI Route)?

Ans: Participants are advised to be guided by the CKYCR format (Legal Entity) provided by CERSAI and the same is available at https://www.ckycindia.in/ckyc/?r=download. Further, Participants are required to obtain Form 11- Account Opening form (for non-individuals) as prescribed under NSDL Business Rules and collect other applicable supporting documents / information in accordance with point no. 1.1 (General Guidelines) and 1.2.9. (Account Opening for Non-Individual) of Account opening chapter of Master Circular for Participants (DPs), and Rule 9(6) of the PML (Maintenance of Records) Rules 2005. Further, the account may be opened under type 'Body corporate' and sub-type 'Foreign Bodies'.

1.5 What is the procedure for opening of an **Escrow Account**?

Ans: Participants are advised to be guided by Point No. 1.3 of Account opening chapter of NSDL Master Circular for Participants (DPs) and ensure the compliance. Further, Participants are advised to open depository account, in the category of 'Body Corporate/Bank' and Sub-type - 'Escrow Account'.



1.6 What is the procedure for opening of a Suspense Escrow Demat Account?

Ans: Participants are advised to be guided by Point No. 1.4 of Account opening chapter of NSDL Master Circular for Participants (DPs).

1.7 What is the procedure for opening of depository accounts persons with Disability?

Ans: Participants are advised to be guided by <u>SEBI FAQ on Demat Account by Persons with Disability</u>. Further, Participants are advised to capture the Name of the guardian(s) in the first line of address field in the DPM system.

1.8 What is the procedure for opening a Demat account of an Alternative Investment Fund (AIF)?

Ans: Participants are advised to open a demat account of a scheme/fund of AIF as <Name of AIF> <Scheme/fund Name> under type 'Alternative Investment Fund' and record the PAN of the scheme/fund in the demat account. If no separate PAN is obtained in the scheme/fund name, then, PAN of the AIF may be recorded.

Further, in respect of AIF, in addition to the Proof of Identity and Proof of Address as required in terms of SEBI / NSDL guidelines, the following additional documents applicable to "Banks/Institutional Investors" as prescribed under point no. 1.2.9.1 (VII) of Account opening chapter of Master Circular for Participants (DPs) shall be obtained.

1.9 What is procedure for opening a demat account for Administrator/Executor of Estate?

Ans: Participants are advised to open demat account in the name of Administrator/Executor of estate after satisfying that he/she is the only surviving administrator(s)/executor(s) and duly authorized to open the demat account as per the Probate of will (in terms of the Indian Succession Act, 1925) / Will duly executed in terms of Indian Succession Act, 1925 / letters of Administration (in terms of the Indian Succession Act, 1925) and capture 'Administrator/ Executor of the Estate of <Deceased Person>' in short name field or first line of address field in DPM. Further, an undertaking may be obtained from the Administrator/Executor stating that the operation of this account will be in accordance with the Probate of will (in terms of the Indian Succession Act, 1925) / Will duly executed in terms of Indian Succession Act, 1925 / letters of Administration (in terms of the Indian Succession Act, 1925).

Furthermore, if there are more than one Administrator or Executor as per Probate of will (in terms of the Indian Succession Act, 1925) / Will duly executed in terms of Indian Succession Act, 1925 / letters of Administration (in terms of the Indian Succession Act, 1925), then the demat account should be opened with joint names of Administrators or Executors (upto three name(s)), record PAN of the estate in DPM after necessary verification and obtain the POI and POA of the Administrator/ Executor for KYC purposes and be guided by Point No. 1.1. and 1.2 of Account opening chapter of 'Master Circular for Participants (DPs)'.



1.10 What is procedure for opening a demat account of Foreign Unregistered Trust?

Ans: Participants are advised to be guided by the CKYCR templates (Legal Entity) provided by CERSAI and the same is available at https://www.ckycindia.in/ckyc/?r=download. Further, obtain Form 11- Account Opening form (for non-individuals) as prescribed under NSDL Business Rules and collect other applicable supporting documents / information in accordance with point no. 1.2.9.1 (IV) of Account opening chapter on Master Circular for Participants (DPs) and Rule 9(8) of the PML (Maintenance of Records) Rules 2005.

Further, Participants are advised to facilitate opening of the demat account in the names of trustee(s) and update the PAN of the Trust and ensure compliance with the account opening procedure for Unregistered Trust mentioned in the aforesaid Master Circular. If the trustee(s) are non-residents/ foreign nationals, then open the depository account in the type and sub type of first holder trustee. Further, carry out the 'in-person' verification of such individuals and record the details of IPV as per the prescribed procedure.

1.11 What is procedure for opening a demat account of Foreign Limited Partnership?

Ans: Participants are advised to facilitate opening of depository account of Limited Partnership (LP) as per procedure specified for Limited Liability Partnership at point no. 1.2.9.1 (III) (a) to (f) of Account opening chapter of NSDL Master Circular for Participants (DPs). Further, the account shall be opened under the Type 'Body Corporate' and sub-type 'Limited Liability Partnership (Foreign)" in DPM system.

1.12 What is procedure for opening a demat account of a Trust constituted by **Listed Companies** for Employee Stock Option / Employee Stock Purchase purpose?

Ans: Participants are advised to facilitate opening of demat account in the name of 'Trust' under type "Trust" and sub type "Employee Stock Option / Employee Stock Purchase". Further, Participants are advised to ensure that the trust has been constituted as per applicable Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.



2. Transmission.

2.1 What is the procedure for transmission of Securities?

Ans: Participants are requested to be guided by Rule 12.6.2 regarding 'Transmission of Securities held in single name without nomination' and Rule 12.6.3 regarding 'Transmission of Securities in Case of Nomination' of NSDL Business Rules. FORM 30 (Transmission form) and format of additional documents (i.e. Affidavit; Bond of Indemnity; and No-Objection Certificate) forming part of the transmission form as applicable are available in NSDL Business Rules.

Further, Participants are advised to refer SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated May 18, 2022 regarding "Simplification of procedure and standardization of formats of documents for transmission of securities" to deal with the transmission matter (read with NSDL Circular No. NSDL/POLICY/2023/0003 dated January 17, 2023, for processing of transmission of securities).

Further, Participants are advised to ensure compliance w.r.t SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/0000000163 dated October 03, 2023, regarding "Centralized mechanism for reporting the demise of an investor through KRAs". (Ref: NSDL Circular nos. NSDL/POLICY/2023/0140 dated October 04, 2023 and NSDL/POLICY/2023/0187 dated December 30, 2023).

2.2 What is the procedure for transmission of Securities in Joint Demat Accounts i.e. deletion of name?

Ans: Participants are requested to be guided by NSDL Circular No. NSDL/POLICY/2023/0149 dated October 28, 2023 regarding 'operational guidelines for Transmission of Securities in Joint Demat Accounts i.e. deletion of name'. Further, please note that, If the surviving holder(s) fails to submit above mentioned request within one year of the date of demise, a new demat account shall be opened by the surviving account holder(s) to execute transmission as per the existing procedure.

2.3 What is the procedure for transmission of securities held in demat account where deceased holder was a sole holder and no nomination in the account and value of holding not exceeding ₹ 15,00,000/-?

Ans: Participants are requested to be guided by Para C of Form 30 (Transmission form).

2.4 What is the procedure for transmission of securities where demat accounts are suspended for 6-kyc non-compliance?

Ans: Participants are requested to be guided by Point no. –"6 - Procedure For Processing Request For Transmission Where Demat Accounts Are Suspended For 6-Kyc Noncompliance" under heading Miscellaneous of 'Transmission of Securities 'chapter of NSDL Master Circular for Participants (DPs).



2.5 What is the procedure for transmission of securities where demat accounts are suspended for – "Account Holder related – KYC non-compliant" with remarks as "KYC record not found valid by KRA?

Ans: In order to process transmission requests for demat accounts which are suspended under aforesaid reason code, Participants are advised to unfreeze such demat accounts with the remarks as 'transmission' and process the transmission requests as per the due process. However, Participants are advised to ensure that other than the deceased holder(s) are compiled w.r.t. Validation of KYC details by KRA.

Further, please note that the aforesaid process of unfreezing of account is not applicable if the demat account is suspended due to any other reason/regulatory orders.

2.6 What is the procedure for appointment of Karta upon death of the Karta of a Hindu Undivided Family (HUF)?

Ans: Participants are requested to be guided by Rule 12.6.4 of NSDL Business Rules regarding 'Securities held by Hindu Undivided Family (HUF) in the Depository'.

2.7 Who can be a new Karta upon death of the Karta of a Hindu Undivided Family (HUF)?

Ans: Participants are advised to refer para 1.6.2 (a) of <u>SEBI Master Circular for Depositories</u> dated October 06, 2023, wherein it was stated that:

"In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta of the HUF who in such a case shall be eldest coparcener in the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF".

2.8 What is the procedure in case of Partition of the HUF?

Ans: Participants are requested to be guided by Rule 12.6.4 of NSDL Business Rules regarding 'Securities held by Hindu Undivided Family (HUF) in the Depository'.

