

FINANCE

STOCK MARKET

DATA



Transacting in Stock Market

BANKING

MARKETING

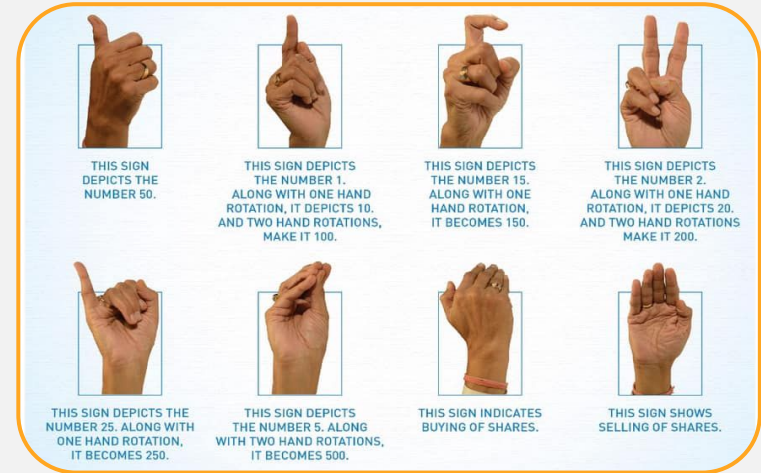


Pre-Digital Era

- Before the electronic or screen-based trading, **Open Outcry** system was followed to trade shares in stock exchange in India.

How did the Open Outcry system used to work?

- Step-1 : Trading on the floor :** The trading process took place in a specific area on the trading floor, known as the **pit** where traders would shout out their buy and sell orders.
- Step-2 : Hand Signals :** Along with shouting out their orders, traders would also use hand signals to indicate the price, quantity, and direction of the trade.



Pre-Digital Era

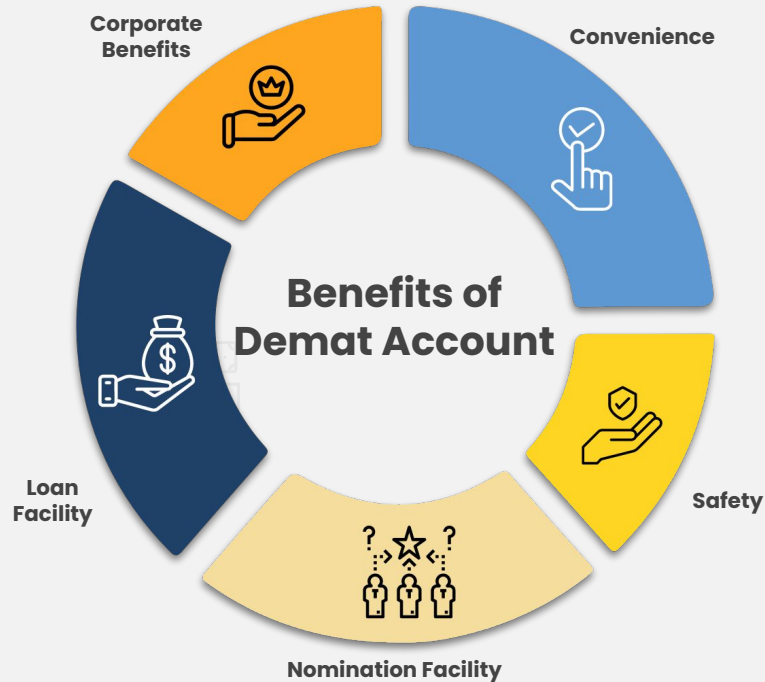
- For example, a trader wants to buy 100 shares of ABC company at Rs. 200 per share. The trader would shout out their order, "Buy 100 shares of XYZ at 200," while simultaneously making a hand signal indicating the quantity and price of the trade. Other traders who are willing to sell their shares of XYZ would respond by shouting out their sell order, "Sell 100 shares of XYZ at 200," and making a corresponding hand signal. The market maker would then execute the trade by matching the buy and sell orders, and the trade would be recorded.
- **Step-3 : Trade clearing and settlement:** After the trading session was over, the exchange would reconcile the trades would match the trades and ensure that the buyer and the seller had sufficient funds and shares to complete the trade. The trade settlement process would take a few days to complete.
- **Step-4 : Share certificate issuance:** After the shares were allotted to investors, first step is the issuance of physical share certificates by the company's registrar and transfer agent (RTA).

Pre-Digital Era

- **Step-5 : Share Transfer Deed:** When an investor wanted to sell their shares, they had to fill out a share transfer deed, which is a legal document that transfers ownership of shares from the seller to the buyer. The share transfer deed had to be signed by both the seller and the buyer and had to be submitted along with the share certificate to the RTA.
- **Step-6 : Verification of Documents:** The RTA would verify the share transfer deed and the share certificate to ensure that all the details were correct and that the shares belonged to the seller.
- **Step-7 : Registration of transfer:** The RTA would register the transfer of shares in the buyer's name and issue a new share certificate in their name. The buyer could then use this share certificate to sell the shares in the future.
- **Step-8 : Physical delivery of shares:** After the registration of transfer, the share certificate would be physically delivered to the buyer or their broker.

Dematerialisation & Process

- To do away with the paperwork, Demat Account System in 1996 for trades on NSE



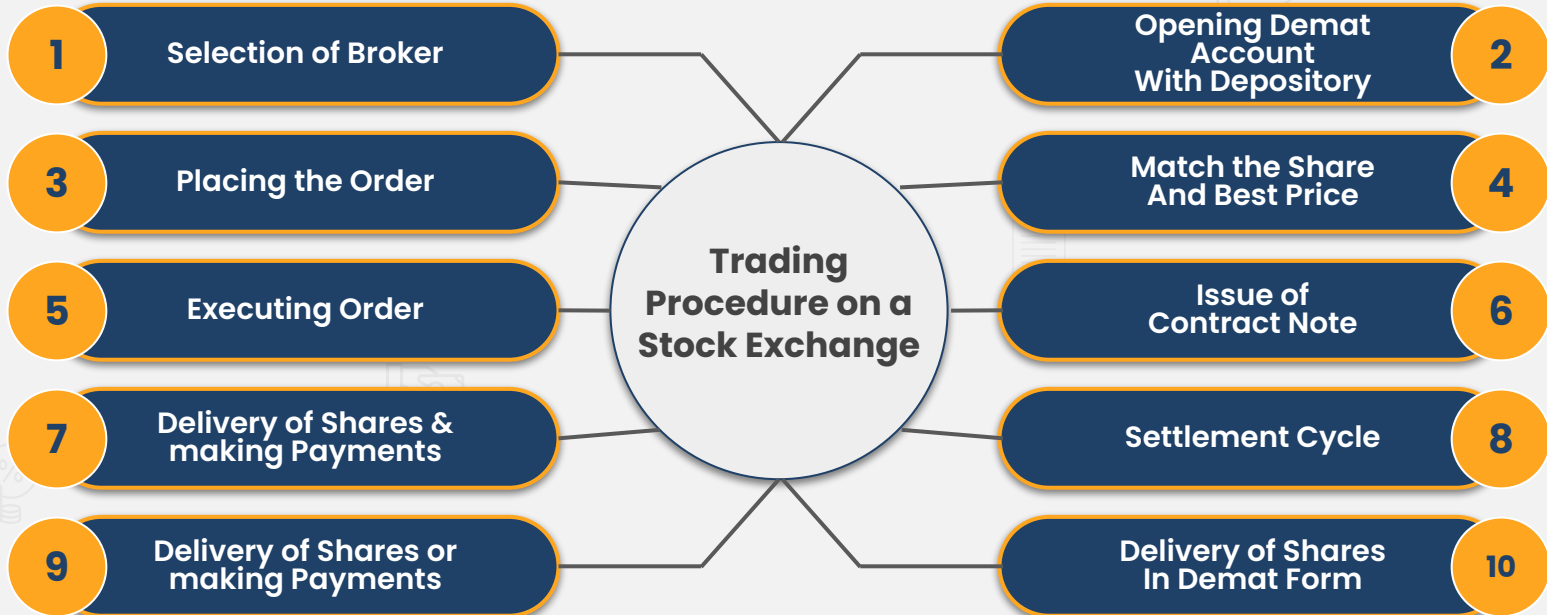
How to open Demat Account?

- A demat account can be opened without stepping out of your home. The entire process is digitized and can be completed in not more than 15-20 minutes.
- You can open Demat Account with the Depository Participants considering the reputation of the DP.
- For an example, visit the link for '**How to Open a Demat Account with Zerodha**' :
<http://bit.ly/3Fs88nl>
- You can open Demat account with any DP of your choice.

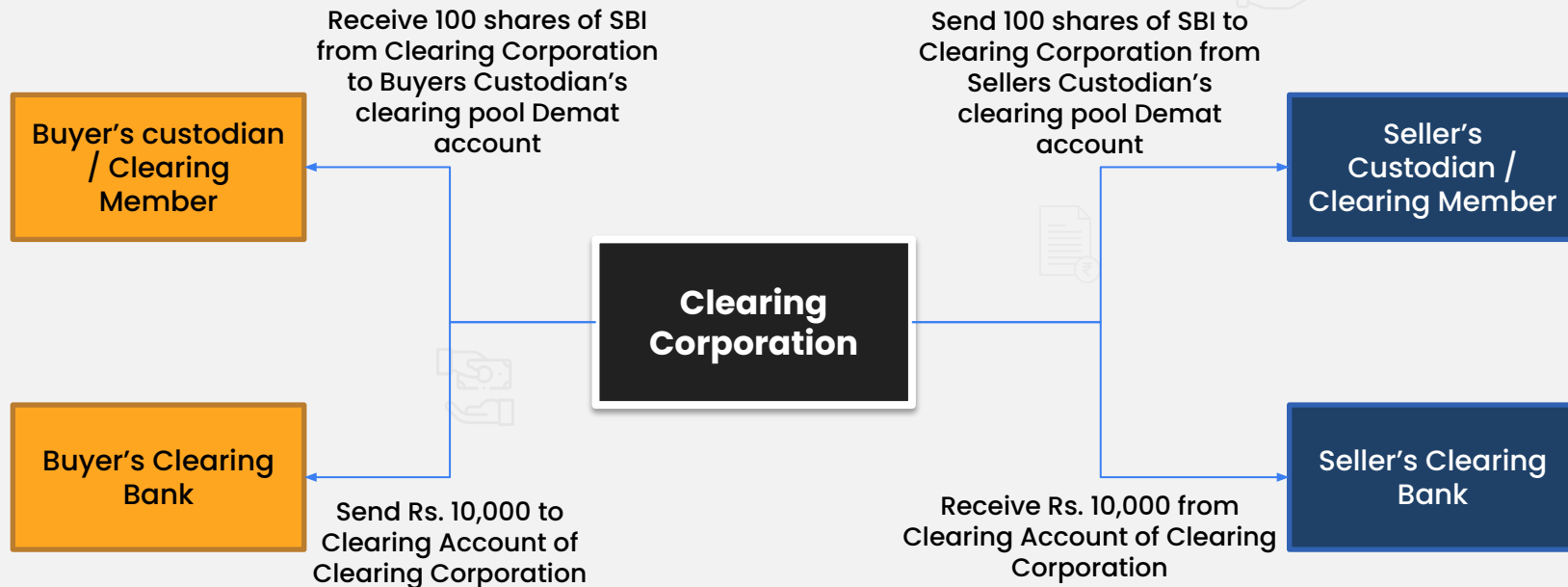
Points to consider while opening Demat Account

- **Choose a reliable DP** : It should be registered with SEBI and have good track record of providing efficient and reliable services
- **Compare fees and charges** : Compare account opening charges, annual maintenance charges, transaction fee, etc. of different DPs.
- **Check Online Trading platform** : It is essential to check the platform features, user interface, security and it should offer real time updates on market movements
- **Consider additional services** : Some DPs offer research reports, portfolio management services, and investment advice. It's important to consider these services if you need them.
- **Customer Support** : DP should have a dedicated customer support team that can assist you with any queries or issues related to the demat account.

Buying a Stock



Clearing & Settlement



10 most Popular Apps

S. No.	Trading Platform	S. No.	Trading Platform
1.	Zerodha Kite App	6.	m.Stock
2.	ICICI direct Markets	7.	Groww App
3.	5Paisa Mobile App	8.	Upstox Pro App
4.	Angel Broking Mobile App	9.	IIFL Markets App
5.	Aliceblue	10.	HDFC Securities App

Charges Involved In Trading

Charge	Remarks	Quantum
Brokerage	<ul style="list-style-type: none">• Fees charged by broker• Charged as a % on the value of your transaction• Brokers also prescribe a minimum brokerage fee	<ul style="list-style-type: none">• ICICI Direct charges brokerage at 0.55%• Some discount brokers like Zerodha charge 0 Brokerage on equity delivery
Securities Transaction Tax	<ul style="list-style-type: none">• Tax by the government when transacting on the exchanges on both buy and sell sides.	0.1% on buy & sell
Transaction charges	Charged by exchanges (NSE, BSE) on the value of your transactions	• NSE: 0.00345%; BSE: 0.00375%
SEBI Charges	Charged by SEBI for regulating the markets.	Rs. 10/15 per crore + GST
GST	Tax levied by the government on the services rendered.	18% of (brokerage + SEBI charges + transaction charges)
Stamp charges	Stamp charges by the Government as per Indian Stamp Act for transacting in instruments on the stock exchanges and depositories.	0.015% or ₹1500 / crore on buy side
AMC	Account Maintenance Charge	Rs. 300 per year (Zerodha)
DP charges	Debited from the trading account when stocks are sold. Charged by the CDSL/NSDL and DP.	Rs. 13.5 + GST per scrip

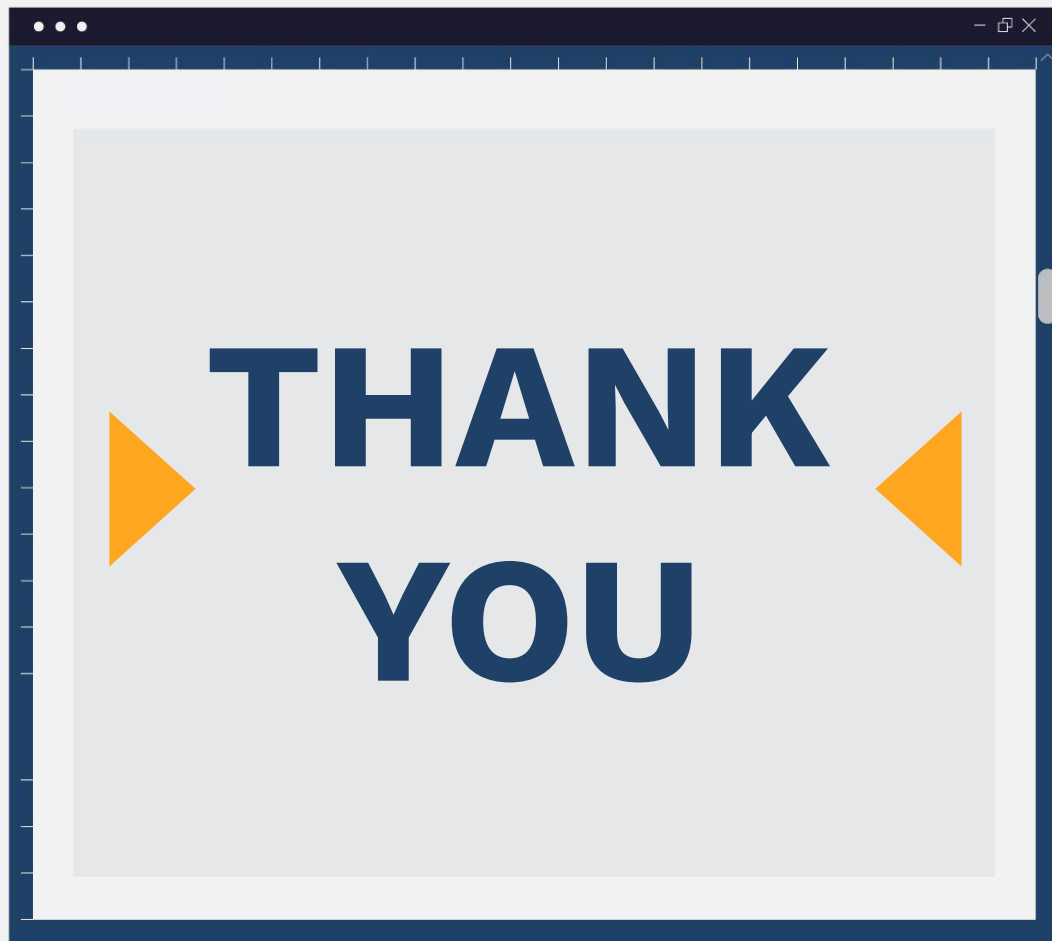
Charges Involved In Trading

Charge	Charge	Quantum
Brokerage	<ul style="list-style-type: none">•ICICI Direct charges brokerage at 0.55%•Some discount brokers like Zerodha charge Zero Brokerage on equity delivery	<ul style="list-style-type: none">•Nil (Zerodha)•Rs. 1375 (ICICI Direct) \rightarrow Min $(35, 0.55\% \times 2500 \times 100)$
Securities Transaction Tax	0.1% on buy & sell	Rs. 250 $(0.1\% \times 2500 \times 100)$
Transaction charges	<ul style="list-style-type: none">•NSE: 0.00345%•BSE: 0.00375%	Rs. 8.63 $(0.00345\% \times 2500 \times 100)$
SEBI Charges	Rs. 10 per crore + GST	Rs. 0.0028
GST	18% of (brokerage + SEBI charges + transaction charges)	Rs. 249.05 $(18\% \text{ of } (1,375 + 0.0028 + 8.63))$
Stamp charges	0.015% or ₹1500 / crore on buy side	Rs. 37.50 $(0.015\% \times 2500 \times 100)$
AMC	Rs. 300 per year (Zerodha)	NA
Total		<ul style="list-style-type: none">•Rs. 545.18 (Zerodha)•Rs. 1,920.18 (ICICI Direct)

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