

6 Depository

6.1 Bank	Depository
Holds money	Holds securities
Transfers money	Transfers securities
Safe keeping of cash	Safe keeping of shares
No physical handling	No physical handling
XSDM - money, notes, bills	XSDM - shares, certificates

6.2 What is depository?

Entity that holds securities in

dematerialized (electronic) form

⇒ Maintains ownership records

⇒ Facilitates trading / transfer of demat securities

Depositories in India

1. NSDL (National Security Depository Ltd.)

2. CDSL (Central Depository Services Ltd.)

stocks listed
Abcde

stocks traded TDS

6.2.1 Benefits of depository System

- ⇒ Instant transfer of securities
- ⇒ No stamp duty on transfers
- ⇒ No risk of physical certificates:
fake, stolen, mutilated, bad delivery
- ⇒ Reduced paperwork and transaction cost
- ⇒ Nomination facility available
- ⇒ One-time change of address for all holdings
- ⇒ Easy transmission (legal transfer)
- ⇒ Consolidation of holdings
- ⇒ Auto credit of corporate actions
split, bonus, merger, etc.
- ⇒ Holds all equity, bonds, govt security,
MF units etc in one account

6.2.2 Depository Participant (DP)

⇒ The depository provides its security to investors through its agents called Depository Participant (DP)

⇒ Banks, financial institutions, SEBI registered trading members can be DPs

⇒ Investor interacts with DP, not the depository directly

6.2.3 Minimum Balance Requirement

No minimum balance required in deposit account.

6.2.4 What is ISIN

⇒ International Securities Identification Number

⇒ Unique code for each security

6.2.5 Custodian

⇒ Safeguards securities for clients

⇒ Tracks corporate actions

⇒ Functions as a record keeper

⇒ Maintains client's securities action accounts in its own FIM

⇒ Collect benefits or rights accruing to the client through participation

⇒ Inform client of corporate action

16.2.8 institution holding assets

and has authority to act on behalf

of bank in client's name

Bank participant

6.2.6 Dematerialisation

⇒ In order to dematerialise physical securities, one has to fill in a Demat Request Form (DRF) which is available with the DP and submit the same along with physical certificates.

⇒ One DRF per ISIN

6.2.7 Odd Lots

⇒ An Odd lot refers to a quantity of shares that are less than the standard trading units (lot size).

⇒ Odd lot shares can also be

6.2.8 Distinctive numbers

⇒ Demat shares have no distinctive numbers

⇒ They are fungible (identical & interchangeable)

6.2.9 Rematerialisation with electronic P. ds.

~~Request~~ \Rightarrow Converting digital to physical
tokens \Rightarrow Fill Remat Request Form (RRF)

fill with DP Info (NIC) and typed

same at times how RT at this

6.2.10 Instruments allowed in Demat

\Rightarrow You can hold FPI &

\rightarrow Debt instruments

\rightarrow MF units stal bbo f.s.d

~~gilts~~ \rightarrow Govt securities xa

~~bonds~~ \rightarrow Equity shares xa

all in financial demat account

6.2.11 Registered owner tal bbo

\Rightarrow When securities of a company are in physical form by investor

Investor \Rightarrow registered owner in addition to book 85d
written as company's books

\Rightarrow After demat: owner

8. last (ii) item \Rightarrow registered owner in company books and investor name is removed from company book

6.2.12 Beneficial Owner (BO)

⇒ The investor = actual owner (beneficial owner)

⇒ Securities held by depository in fiduciary capacity

↳ holding something for someone else

⇒ The holding location and total value at several locations

↳ beneficial owners is the transnational bank of benefit (BNA) assigned

⇒ data in stored represent bank's information between persons, about where other banks make financials

⇒ local store will work

⇒ banking bank are well used