

## **Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by SEBI and Depositories**

CDSL - DP Operating Instructions – March 2026 Page 1 of 4

### **General Clause**

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of

the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 2018, Rules and

Regulations of Securities and Exchange Board of India (SEBI), Circulars / Notifications / Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by

the Depositories and relevant notifications of Government Authorities as may be in force from

time to time.

2. The DP shall open/activate demat account of a beneficial owner in the depository system only

after receipt of complete Account opening form, KYC and supporting documents as specified

by SEBI from time to time.

### **Beneficial Owner information**

3. The DP shall maintain all the details of the beneficial owner(s) as mentioned in the account

opening form, supporting documents submitted by them and/or any other information pertaining to the beneficial owner confidentially and shall not disclose the same to any person

except as required by any statutory, legal or regulatory authority in this regard.

4. The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details

provided in the account opening form as submitted to the DP at the time of opening the demat

account or furnished to the DP from time to time.

### **Fees/Charges/Tariff**

5. The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer

of securities in dematerialized form and for availing depository services as may be agreed to

from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that "no charges are payable

for opening of demat accounts"

6. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid

down under the relevant SEBI and/or Depository circulars/directions/notifications issued from

time to time.

7. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing

of not less than thirty days to the Beneficial Owner regarding the same.

### **Dematerialization**

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on

the Depositories, dematerialized in the form and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the depositories.

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities

of each beneficial owner shall be segregated and shall not be mixed up with the securities of

other beneficial owners and/or DP's own securities held in dematerialized form.

### **Annexure 2.7**

10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or

hypothecation or any other interest or encumbrance over all or any of such securities submitted

for dematerialization and/or held in demat account except in the form and manner prescribed

in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 2018 and Bye-

Laws/Operating Instructions/Business Rules of the Depositories.

### **Transfer of Securities**

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on

the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner

and the DP shall maintain the original documents and the audit trail of such authorizations.

12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting

of securities in his demat account and the DP shall act according to such instructions.

13. The stock broker / stock broker and depository participant shall not directly / indirectly compel

the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI)

or deny services to the client if the client refuses to execute PoA or DDPI.

### **Statement of account**

14. The DP shall provide statements of accounts to the beneficial owner in such form and manner

and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in

this regard.

15. However, if there is no transaction in the demat account, or if the balance has become Nil

during the year, the DP shall send one physical statement of holding annually to such BOs and

shall resume sending the transaction statement as and when there is a transaction in the

account.

16. The DP may provide the services of issuing the statement of demat accounts in an electronic

mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information

Technology Act, 2000. However if the DP does not have the facility of providing the statement

of demat account in the electronic mode, then the Participant shall be obliged to forward the

statement of demat accounts in physical form.

17. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as

mandated by SEBI and/or Depository from time to time.

### **Manner of Closure of Demat account**

18. The DP shall have the right to close the demat account of the Beneficial Owner, for any reasons

whatsoever, provided the DP has given a notice in writing of not less than thirty days to the

Beneficial Owner as well as to the Depository. Similarly, the Beneficial Owner shall have the

right to close his/her demat account held with the DP provided no charges are payable by

him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances

in their demat account should be transferred to another demat account of the Beneficial Owner

held with another DP or to rematerialize the security balances held.

### **Annexure 2.7**

CDSL - DP Operating Instructions - March 2026 Page 3 of 4

19. Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for

transferring such security balances or rematerialize such security balances within a period of

thirty days as per procedure specified from time to time by the depository. Provided further,

closure of demat account shall not affect the rights, liabilities and obligations of either the

Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

### **Default in payment of charges**

20. In event of Beneficial Owner committing a default in the payment of any amount provided in

Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the

right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest

at a rate as specified by the Depository from time to time for the period of such default.

21. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided

in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall

have the right to stop processing of instructions of the Beneficial Owner till such time he makes

the payment along with interest, if any.

### **Liability of the Depository**

22. As per Section 16 of Depositories Act, 1996,

1. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner.

2. Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

### **Freezing/ Defreezing of accounts**

23. The Beneficial Owner may exercise the right to freeze/defreeze his/her demat account

maintained with the DP in accordance with the procedure and subject to the restrictions laid

down under the Bye Laws and Business Rules/Operating Instructions.

24. The DP or the Depository shall have the right to freeze/defreeze the accounts of the Beneficial

Owners on receipt of instructions received from any regulator or court or any statutory authority.

**25. \$The Joint holders are aware that in case of any Statutory Order for freezing any**

**one joint holder, the demat account will be frozen and the other joint holders will have to obtain a specific Order for unfreezing their percentage of joint ownership by submitting the relevant documentary proof to the Order issuing authority.**

### **Redressal of Investor grievance**

26. The DP shall redress all grievances of the Beneficial Owner against the DP within a period of

thirty days from the date of receipt of the complaint.

### **Authorized representative**

### **Annexure 2.7**

27. If the Beneficial Owner is a body corporate or a legal entity, it shall, along with the account

opening form, furnish to the DP, a list of officials authorized by it, who shall represent and

interact on its behalf with the Participant. Any change in such list including additions, deletions

or alterations thereto shall be forthwith communicated to the Participant.

### **Law and Jurisdiction**

28. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall

be entitled to exercise any other rights which the DP or the Beneficial Owner may have under

the Rules, Bye Laws and Regulations of the respective Depository in which the demat account

is opened and circulars/notices issued there under or Rules and Regulations of SEBI.

29. The provisions of this document shall always be subject to Government notification, any rules,

regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Byelaws

of the relevant Depository, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.

30. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure

prescribed under the Bye-laws of the depository and that such procedure shall be applicable to

any disputes between the DP and the Beneficial Owner.

31. Words and expressions which are used in this document but which are not defined herein shall

unless the context otherwise requires, have the same meanings as assigned thereto in the

Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and

/or SEBI

32. Any changes in the rights and obligations which are specified by SEBI/Depositories shall also

be brought to the notice of the clients at once.

33. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and

regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the

Beneficial Owner maintains his/her account, such changes shall be deemed to have been

incorporated herein in modification of the rights and obligations of the parties mentioned in

this document.

**\$Refer Communique no. CDSL/OPS/DP/POLCY/2026/213 dated March 25, 2026**