



# CONTENTS

	PAGE
<i>Foreword</i>	<i>I-3</i>
<i>Acknowledgement</i>	<i>I-5</i>
<i>About NISM Certifications</i>	<i>I-7</i>
<i>About the Certification Examination for Depository Operations</i>	<i>I-9</i>

## CHAPTER 1

### INTRODUCTION TO THE INDIAN CAPITAL MARKET

1.1	Introduction	1
1.2	Capital Market	1
1.3	Regulatory Environment	2
1.4	Regulators	4

## CHAPTER 2

### INTRODUCTION TO DEPOSITORY

2.1	Need for a Depository System	7
2.2	What is a Depository?	9
2.3	Legal Framework	10
2.4	Functions of a Depository	17

### **CHAPTER 3**

#### **DEPOSITORY AND ITS BUSINESS PARTNERS**

<b>3.1</b>	Depository Participants	<i>21</i>
<b>3.2</b>	Clearing Corporation (CC)	<i>38</i>
<b>3.3</b>	Issuers and Registrar and Transfer Agents	<i>40</i>

### **CHAPTER 4**

#### **FUNCTIONS OF DEPOSITORY PARTICIPANT-ACCOUNT OPENING**

<b>4.1</b>	Introduction	<i>51</i>
<b>4.2</b>	Types of Account	<i>52</i>
<b>4.3</b>	Beneficial Owner Account	<i>52</i>
<b>4.4</b>	Clearing Member Account	<i>96</i>
<b>4.5</b>	Closure of Account	<i>100</i>
<b>4.6</b>	Freezing of Accounts	<i>106</i>
<b>4.7</b>	Changes in Client Details	<i>107</i>
<b>4.8</b>	Implementation of the framework for Accreditation of Investors	<i>113</i>
<b>4.9</b>	Mapping of Unique Client Code (UCC) with demat account of the clients	<i>114</i>

### **CHAPTER 5**

#### **FUNCTIONS OF DEPOSITORY PARTICIPANT-ACCOUNT OPERATIONS**

<b>5.1</b>	Introduction to Basic Services Demat Account (BSDA)	<i>117</i>
<b>5.2</b>	Operations of a Joint Account	<i>120</i>
<b>5.3</b>	Internet Based Depository Operations of NSDL	<i>122</i>
<b>5.4</b>	Internet Based Depository Operations of CDSL	<i>126</i>

**CHAPTER 6****FUNCTIONS OF DEPOSITORY  
PARTICIPANT-TRANSMISSION AND NOMINATION**

<b>6.1</b>	Transmission of Securities	<i>129</i>
<b>6.2</b>	Nomination for Securities	<i>130</i>
<b>6.3</b>	Transmission of Securities	<i>131</i>

**CHAPTER 7****FUNCTIONS OF DEPOSITORY  
PARTICIPANT-DEMATERIALISATION**

<b>7.1</b>	Introduction	<i>139</i>
<b>7.2</b>	International Securities Identification Number (ISIN)	<i>140</i>
<b>7.3</b>	Dematerialisation Process	<i>142</i>
<b>7.4</b>	Rematerialisation	<i>156</i>
<b>7.5</b>	Conversion of Mutual Fund units represented by Statement of Account (SOA) into dematerialized form through a DP/De-statementization	<i>159</i>
<b>7.6</b>	Reconversion of Mutual Fund Units into Statement of Account Form (SOA Form)/Restatementization	<i>162</i>

**CHAPTER 8****FUNCTIONS OF DEPOSITORY  
PARTICIPANT-TRADING AND SETTLEMENT**

<b>8.1</b>	Introduction	<i>165</i>
<b>8.2</b>	Settlement of Off-Market Transactions	<i>166</i>
<b>8.3</b>	Settlement of Market Transactions	<i>169</i>
<b>8.4</b>	Interoperability	<i>178</i>
<b>8.5</b>	Procedure for Subscription and Redemption of Mutual Fund Units	<i>179</i>
<b>8.6</b>	Handling of Clients' Securities by Trading Members/Clearing Members	<i>181</i>
<b>8.7</b>	Government of India notification regarding the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019	<i>183</i>

## CHAPTER 9

### SPECIAL SERVICES – PLEDGE & HYPOTHECATION

9.1	Introduction	187
9.2	Procedure for Pledge/Hypothecation	188
9.3	Recording of Non-Disposal Undertaking (NDU) in the Depository System	198
9.4	Margin obligations to be given by way of Pledge/Re-pledge in the Depository System	199

## CHAPTER 10

### SPECIAL SERVICES – PUBLIC OFFERING / CORPORATE ACTIONS

10.1	Concept of Corporate Actions	203
10.2	Important Terms	204
10.3	Procedure for Corporate Actions	204
10.4	Public Issue	209

## CHAPTER 11

### SPECIAL SERVICES - DEBT INSTRUMENTS & GOVERNMENT SECURITIES

11.1	Introduction	217
11.2	Certificate of Deposit (CD)	220
11.3	Commercial Paper (CP)	221
11.4	Government Securities	222

**CHAPTER 12****FOREIGN PORTFOLIO INVESTORS (FPI)**

<b>12.1</b>	Introduction	235
<b>12.2</b>	Eligibility criteria of FPI applying for FPI Registration to a Designated Depository Participant	236

**CHAPTER 13****INVESTOR SERVICES**

<b>13.1</b>	Introduction to Redressal of complaints through (SCORES)	243
<b>13.2</b>	Transfer of Shares to Demat Account of IEPF Authority	246
<b>Annexure 1:</b>	<b>Process of Aadhaar e-KYC of Resident Investors in the Securities Markets under section 11A of the PMLA, 2002</b>	249
<b>Annexure 2:</b>	<b>Use of Technology for KYC</b>	253
<b>Annexure 3:</b>	<b>Operational Mechanism for Margin Pledge</b>	259
<b>Annexure 4:</b>	<b>Framework for Utilization of Client's Pledged Securities for Exposure and Margin</b>	263