UNIT 9 DEPOSITORIES

Objectives

After going through this unit, you will be able to:

- explain the concept of depositories;
- discuss the importance of depository;
- elucidate the functioning of depositories; and
- describe the mechanism of dematerialisation appreciate involvement of technology in depository.

Structure

9.1 INTRODUCTION

A significant development of the 20th century particularly in its later part is expansion of financial market world over which mostly was driven by globalization, technology, innovations and increasing trade volume. India has not been an exception with probably largest number of listed companies with a very large investor population and ever increasing volumes of trades. However, this continuous growth in activities increased problems associated with stock trading. Most of these problems arose due to the intrinsic nature of paper based trading and settlement, like theft or loss of share certificates. This system required handling of huge volumes of paper leading to increased costs and inefficiencies. The process beginning from buying shares through the stock exchanges till getting the certificates duly endorsed in the buyer's name was indeed quite complex and time-consuming and was riddled with a variety of problems. Growing number of investors participating in the capital market has increased the possibility of being hit by a bad delivery, The cost and time spent by the brokers for rectification of these bad deliveries tends to be higher with the geographical spread of the clients. The increase in trade volumes lead to exponential rise in the back office operations thus limiting the growth potential of the broking members. The inconvenience faced by investors (in areas that are far flung and away from the main metros) in settlement of trade also limits the opportunity for such investors, especially in participating in auction trading. The physical form of holding and trading in securities also acted as a bottleneck for broking community in capital market operations. Risk exposure of the investor also increased due to this trading in paper. Some of these associated risks were: delay in transfer of shares, possibility of forgery on various documents leading to bad deliveries, legal disputes etc., possibility of theft of share certificates, prevalence of fake certificates in the market, mutilation or loss of share certificates in transit. Thus, the system of security transactions was not as investor-friendly as it ought to be. In this scenario dematerialized trading under depository system is certainly a welcome move. This popular financial service emerged in Germany first time.

9.2 DEPOSITORY SYSTEM

Depository system essentially aims at eliminating the voluminous and cumbersome paper work involved in the scrip-based system and offers scope for 'paperless' trading through state-of-the-art technology. It is an institution which maintains an electronic record of ownership or securities. The storage and handling of certificates is hence immediately eliminated which generates a reduction in costs like back office cost for handling, transporting and storing certificates.

Depositary participant is an institution akin to bank for securities. When an investor hands over securities to a depository participant, investor's account is credited. The investor's depository system account will show their holdings. His account is updated for his transactions of sale and purchase but without physical movement of scrips or transfer deeds. In depository system, share certificates belonging to the investors are *dematerialised (demats).* Dematerialisation or "Demat" is a process whereby investors' securities like shares, debentures etc, are converted into electronic data and stored in computers by a Depository. Securities registered in investor's name are surrendered to depository participant (DP) and these are sent to the respective companies who will cancel them after "Dematerialization" and credit investor's depository account with the DP. The securities on Dematerialization appear as balances in one's depository account. These balances are transferable like physical shares. If at a later date, investors wish to have these "demat" securities converted back into paper certificates, the Depository does this and their names are entered in the records of depository as beneficial owners. The *beneficial ownership* will be *with investor* but *legal ownership* will be with the *depository.* Consequently, benefits like interest, dividend, rights: bonus and voting rights will be with investors. Since depository is to get securities transferred in its name, the depository name will be registered in the ownership register maintained by the company. Thus, instead of name of several owners, the name of depository figures in the register of company. Since transfer will be affected only in depository, register of company need not be updated on every transactions of sale or purchase of company's share. It alleviates the hardships currently faced by the investors and it also offers option for converting the shares from electronic to physical or paper form through a process of *rematerialisation (remat).* Depository system is, indeed, time tested and long prevalent in many advance countries and has been playing a significant role in stock markets around the world.

Constituents of Depository System

The depository system comprises of:

i) Depository

ii) Depository Participants (DPs)

iii) Companies/Registrars

iv) Investors

Out of these first two need discussion since last two components are general.

i) Depository

Depository functions like a securities bank, where the dematerialized physical securities are traded and held in custody. This facilitates faster risk free and low cost settlement. Depository is much like a bank and performs many activities that are similar to a bank depository:

a) enables surrender and withdrawal of securities to and from the depository through the process of 'demat' and 'remat',

b) maintains investors' holdings in electronic form,

c) effects settlement of securities traded in depository mode on the stock exchanges,

d) carries out settlement of trades not done on the stock exchanges (off market trades).

In India a depository has to be promoted as a corporate body under Companies Act, 1956. It is also to be Registered as a depository with SEBI. It starts operations after obtaining a certificate of commencement of business from SEBI. It has to develop *automatic data processing systems* to protect against unauthorised access. A *network to link up* with depository participants, issuers and issuer's agent has to be created.

Depository, operating in India, shall have a ***net worth* of *rupees one hundred crore*** and instruments for which depository mode is open need not be a security as defined in the Securities Contract (Regulations) Act 1956. The depository, holding securities, shall maintain ownership records in the name of each participant. Despite the fact that legal ownership is with depository, it does not have any voting right against the securities held by it. Rights are intact with investors. There are two depositories in India at present i.e. NSDL and CDSL.

ii) Depository Participants (DP)

A DP is investors' representative in the depository system and as per the SEBI guidelines, financial institutions/banks/custodians/stock brokers etc. can become DPs provided they meet the necessary requirements prescribed by SEBI. DP is also an agent of depository which functions as a link between the depository and the beneficial owner of the securities. DP has to get itself registered as such under the SEBI Act. The relationship between the depository and the DP will be of a principal and agent and their relation will be governed by the bye-laws of the depository and the agreement between them. Application for registration as DP is to be submitted to a depository with which it wants to be associated. The registration granted is valid for five years and can be renewed. As depository holding the securities shall maintain ownership records in the name of each DP, DP in return as an agent of depository, shall maintain ownership records of every beneficial owner (investor) in book entry form.

A DP is the first point of contact with the investor and serves as a link between the investor and the company through depository in dematerialisation of shares and other electronic transactions. A company is not allowed to entertain a demat request from investors directly and investors have to necessarily initiate the process through a DP.

Activity 1

a) List four major reasons for emergence of depositories:

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b) What is depository service? (answer in five lines).

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c) List five DPs operating in India or your locality.

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9.3 FUNCTIONING OF A DEPOSITORY

As mentioned earlier that, depository system operates through depository account. Let us see what it is.

Depository Account

An investor desiring to demat his holdings has to open a depository account where in all details of investors' transactions is recorded. Opening such account is as simple as opening a bank account. Investor can open a depository account with any DP convenient to him.

There is no restriction on the number of depository accounts a person can open. However, if existing physical shares are in joint names, one has to open a joint account submitting share certificates for demat. A sole holder of the share certificates cannot add more names as joint holders at the time of dematerialising his share certificates.

A client can choose to open more than one account with the same DP. In addition to this, he has a choice of opening accounts with more than one DP. However a broker can open just one Clearing Member (CM) account per card/stock exchange for clearing purpose, but he can still open multiple beneficiary accounts. Beneficiary is the personal account wherein brokers can keep their personal holdings.

A clearing member cannot hold his personal holdings in his clearing member account. A broker may deal in the depository system as a clearing member only through a special account, known as the Clearing Member account. This account can be used only for clearing purposes and not for holding his own securities in it. As this is a transitory account, the securities held in this account are not eligible for corporate actions. Therefore. the broker will have to open a separate beneficiary owner account to hold his investments.

There is no compulsion for the client to open his account with the same DP as that of his broker. Even if he has an account with another DP, he can carry out normal business with his broker. There is no loss in operational efficiency. But it is possible that opening account with his broker's DP may work out to his advantage, as some

DPs may offer special charge structure if the broker and his clients are dealing through him. To *open* an *account* one has to:

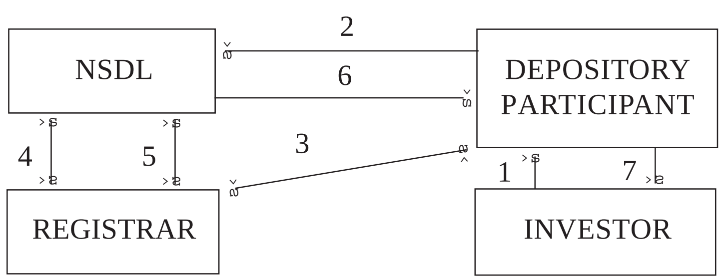
- Fill up the account opening form, which is available with the DP.
- Sign the DP-client agreement, which defines the rights and duties of the DP and the person wishing to open the account.
- Receive client account number (client ID).

This client ID along with his DP ID gives investor a unique identification in the depository system. In depository account, transactions are through *demat* and *remat.* Let us discuss these two along with other two relevant concepts.

i) Dematerialisation (Demat)

'Demat' is a process by which investors' share certificates are taken back by company through DP, verified and if found in order, demat is confirmed by the company and then an equivalent number of shares are credited by the DP to investors account as electronic holding. Chart 9.1 explains demat in clear terms. The entire process of dematerialisation, as required by SEBI, has to be completed within a period of 15 days. Dematerialisation is also known as *immobilisation of securities.* Dematerialisation can be done only on the request made by the investor through participant in a Dematerialisation Request Form (DRF). Thus, 'Dematerialisation' is a process where by physical existence of security certificates is made extinct and converted into electronic holdings.

Chart 9.1 : Switching from Scrip-based System to Depository System (Dematerialization Process)



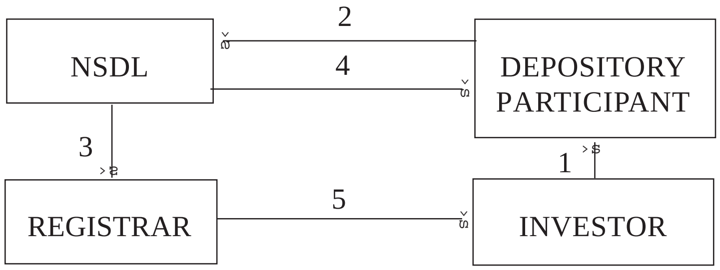
1) Investor surrenders certificates for dematerialization to DP.
2) DP intimates depository of the request through the system.
3) DP submits the certificates to the registrar.
4) Registrar confirms the dematerialization request from depository.
5) After dematerializing, registrar updates accounts and informs depository of - the completion of dematerialization.
6) Depository updates its accounts and informs the DP.
7) DP updates its accounts and informs investor.

ii) Rematerialisation (Remat)

Rematerialisation is a process (Chart 9.2) of converting electronic holdings of investor back into share certificates in paper form. The process of rematerialisation is also carried out through DP and the process has to be completed within a period of 30 days. Thus, once security is dematerialised it is not necessary that investor is to continue in depository mode for all times to come. He can switch over to remat whereby he gets back physical possession of security scrips. The client of DP has to submit a request for remat. This request is forwarded for necessary action to depository. The depository confirms the rematerialisation request to the Registrar and

Transfer Agents. The Registrar updates the accounts and print the desired certificate. The depository is informed by Registrar and certificate is sent to the investor. The depository updates its records and communicates to DP to incorporate necessary changes in the account of the client.

Chart 9.2 : Switching from Depository System to Scrip-based System (Rematerialisation Process)



1) Beneficial owner requests for rematerialisation.
2) DP intimates of the Depository request through the system.
3) Depository confirm Rematerialisation request to the registrar. Registrar updates accounts and prints certificates.
4) Depository updates accounts and downloads details to DP.
5) Registrar dispatches certificates to investor.

iii) **Fungibility**

In the depository system, since the physical form of security loses its relevance, the securities are to be 'fungible'. Prior to amendment in 1996, the Companies Act 1956 required every specific physical scrip of security as shares or debentures to have distinctive number for each security when issued or transferred. Securities have been made fungible by deleting section 83 of the Companies Act, 1956. Now the certificates will not carry a distinct number and will form a part of a 'fungible mass'. Dematerialized shares do not have any distinctive or certificate numbers. These shares are fungible - which means that 100 shares of a security are the same as any other 100 shares of that security. All the certificate of the same security will become interchangeable in the sense that the owner of the security will lose the right to obtain the exact certificate. The situation of certificate is now that of currency note and the number of currency note has no association with ownership of currency note.

Each security held in dematerialized form is given an identity and it is in form of a distinctive **ISIN** (International Securities Identification Number). ISIN is a 12 character long identification mark.

iv) **Delivery vs. Payment**

It is just not sufficient to have a depository for securities. The concept of Delivery versus Payment (DVP) also needs to be looked into. DVP involves exchange of securities for funds to take place simultaneously between the parties to a trade. While the depository system would be able to handle the accounting of securities by book entry, the funds part would have to be handled by the banking system. Therefore the two systems have to be integrated in order to have DVP.

It is too simplistic to think that DVP would be possible without having an efficient electronic funds transfer systems because in India, the payment systems are still not upgraded. A quantum jump is required in the level and mode of interaction among the various banking institutions.

9.4 SWITCHING OVER TO DEPOSITORY

After discussing in brief the system, ingredients and participants of depository system we will discuss the stages involved in the process of switching over to depository system from scrip based system.

i) **Appointing DP**

Any investor who intends to transact through depository system has to engage one depository participant (DP). He can approach a DP of his choice and open an account with him just like one opens an account with a bank. Investor gets an identification number called *Client ID* (just as one gets ones bank account number) which serves as a reference point for all his transactions with D.P.

Every investor before getting his holding dematerialised has to enter into an agreement with the depository through a participant. This step is necessary whether investor already has securities or securities are yet to be issued in a fresh issue. The investor contracts only with that depository which accepts his securities in ' depository mode' since it is not necessary that all eligible securities must be in depository mode and with all the depositories. The decision on whether or not to hold securities within the depository mode and if in depository mode, with which depository or participants, would be entirely with the investor.

ii) **Request for 'Demat'**

After any agreement is entered for getting securities dematerialised and his account is opened, the investor makes an application to depository participants in form called 'Dematerialisation Request Form' *(DRF)* to be provided by the DP and hands over his share certificates duly cancelled by writing' surrendered for dematerialisation' to them for demat. The DP will accept certificates registered only in investor's name.

The request for dematerialisation with the depository participants is sent to the depository through depository network with which DP is connected.

Simultaneously DP submits the securities certificates to the issuer company or its Registrar of transfer.

iii) **Approach the Company or Registrar of Transfer**

The depository will electronically intimate the issuer or its 'Registrar and transfer agent' of the dematerialisation request. The issuer or the 'Registrar and transfer agent' has to verify the validity of the security certificates as well as the fact that the DRF has been made by the person recorded as a member in its Register of Members. If the issuer or its Registrar is satisfied, it dematerialises the scrip and updates its record.

iv) **Confirmation of Demat**

The Registrar to transfer or the concerned company when satisfied with the case of demat has to inform the depository of the completion of dematerialisation authorising an electronic credit for that security in favour of the investor.

v) **Crediting the Client's Account**

DP credits investor's account with the number of shares so dematerialised and thereafter investor hold the securities in electronic form. If there is rejection of demat request then such credit is not given. After crediting the account, the client is send the necessary information in form of a statement like we get bank statement after bank transactions.

Option of Rematerialisation

Investor also has the option of converting his electronic holding into share certificates by requesting DP for a *remat* in a Rematerialisation Request Form (RRF) and through a similar process, company will issue new certificates to investor for the shares so rematerialised.

Activity 2

a) Can you identify similarities between depository account and bank account?

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b) What is dematerialisation?

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c) What do you understand by Fungibility of securities?

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d) Briefly explain DRF, Client 10, RRF.

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e) Collect formats from any DP for the following and study their contents:

i) Opening depository account

ii) DRF

iii) RRF

9.5 IS DEPOSITORY SYSTEM BENEFICIAL?

The emergence of depository system is a *sign of prosperity of financial market system* specially capital market. Depository makes the *market more systematic and disciplined.* On many fronts depository system is appreciated. Depositories pass on the benefits and rights to the transferee quickly since the whole system is efficient and automated. Time lost in communication too is very low. Fraudulent encashment of dividend warrants and loss of bonus or rights can be avoided. Since depository is to have a scrip-less capital market, exchange of physical scrips is not desired. Thus, the risk of loss, mutilation: theft and forgery of security certificates is nil. Financial loss owing to loss of physical scrip will no longer haunt the investors. A depository system provides benefits to all the constituents of the capital markets viz. the country, investors, intermediaries and the issuers. Official expectations from dematerialisation of securities was expressed by SEBI in following words in its Annual Report 1996-97.

"It is expected that as the network of depository participants and the proportion of securities dematerialized in the depository increases, the benefits of reduced risk and lower transaction costs will extend to the vast majority of the market participation and lead to improved investor protection and services".

Benefits of Demat

Transacting the depository way has several advantages over the traditional system of transacting using share certificates. Some of the benefits are:

- Trading in demat segment completely eliminates the risk of bad deliveries, which in turn eliminates all cost and wastage of time associated with follow up for rectification. This reduction in risk associated with bad delivery has lead to reduction in brokerage to the extent of 0.5% by quite a few brokerage firms.
- In case of transfer of electronic shares, one saves 0.5% in stamp duty. Cost of courier/notarization/the need for further follow-up with broker for shares returned for company objection is also saved.
- In case the certificates are lost in transit or when the share certificates become mutilated or misplaced, to obtain duplicate certificates, one may have to spend at least Rs.500 for indemnity bond, newspaper advertisement etc, which can be completely eliminated in the demat form.
- One can also receive bonuses and rights into depository account as a direct credit, thus eliminating risk of loss in transit.
- One can also expect a lower interest charge for loans taken against demat shares as compared to the interest for loan against physical shares. This could result in a saving of about 0.25% to 1.5%. Some banks have already announced this.
- RBI has increased the limit of loans against dematerialized securities as collateral to Rs.2 mn per borrower as against Rs.1 mn per borrower in case of loans against physical securities.
- RBI has also reduced the minimum margin to 25% for loans against dematerialized securities as against 50% for loans against physical securities. .

The perceptions about safe keeping, risk taking, liquidity and credibility of the market has undergone a sea change with the full scale operation of depository system and electronic funds payment coupled with the automated trading systems.

9.6 SELLING AND BUYING OF DEMATERIALISED SHARES

Trading in dematerialized securities is quite similar to trading in physical securities. The major difference is that at the time of settlement, instead of delivery receipt of securities in the physical form, it is done through account transfer. An investor cannot trade in dematerialized securities through his DP. Trading at the stock exchanges can be done only through a registered trading member (broker) of the stock exchange irrespective of whether the securities are held in physical or dematerialized form.

Any investor who buys securities from any of the stock exchanges where dematerialized securities are available, may receive his delivery in the dematerialized form as dematerialized shares can be delivered in the physical segment at the option of the seller. When investor wants to purchase shares in electronic form, he has to instruct his broker to purchase the dematerialized shares from the stock exchanges. Once the order is executed, he has to instruct his DP (vide a simple format which is available with the DP) to receive securities from his broker's clearing account.

Selling dematerialized shares in stock exchanges is similar to the procedure for selling physical shares. Under depository system instead of delivering physical shares to the broker, one instructs one's DP to debit his account with the number of shares sold and credit his broker's clearing account. For this, a delivery instruction has to be given to DP in a standardized format, which will be available with DP.

Other Services

a) **Pledging Dematerialized Shares:** Dematerialized shares could be pledged; in fact, this is more advantageous as compared to pledging share certificates. After loan is repaid one can request for a closure of pledge by instructing one's DP through a standard format. The pledgee on receiving the repayment as well as the request for closure of pledge will instruct his DP accordingly. Even the locked-in securities can be pledged. The pledgor continues to remain the beneficiary holder of those securities even after the securities are pledged.

b) **Initial Public Offerings:** Credits for public offers can be directly received into demat account. In the public issue application form of depository eligible companies, there will be a provision to indicate the manner in which securities should be allotted to the applicant. One is to mention one's client account number and the name and identification number of DP. All allotment due to investor will be credited into required account.

c) **Receipt of Cash/non-cash Benefits:** When any corporate event such as rights or bonus or dividend is announced for a particular security, depository will give the details of all the clients having electronic holdings in that security as of the record date to the registrar. The registrar will then calculate the corporate benefits due to all the shareholders. The disbursement of cash benefits such as dividend/ interest will be done directly by the registrar. In case of non-cash benefits, depository will directly credit the securities entitlements in the depository accounts of all those clients who have opted for electronic allotment based on the information provided by the registrar.

d) **Stock Lending and Borrowing:** Through the depository account securities in the demat form can be easily lent/borrowed. Securities can be lent or borrowed in electronic form through an approved intermediary, who has opened a special 'intermediary' account with a DP. Instructions are to be given to DP through a standard format (which is available with DP) to deposit securities with the intermediary. Similarly to borrow securities from the intermediary, one has to instruct DP through a standard format (which is available with your DP).

e) **Transmission of Securities:** Transmission of securities due to death, lunacy, bankruptcy, insolvency or by any other lawful means other than transfer is also possible in the depository system. In the case of transmission, the claimant will have to fill in a transmission request form, (which is available with the DP) supported by valid documents.

f) **Freezing Account with DP:** If at any time as a security measure one wishes that no transaction should be effected in one's account, one may advise one's DP accordingly. DP will ensure that account of such investor is totally frozen until further instructions from him.

Tax Aspect

In case of dematerialized holdings cost of acquisition and period of holding for calculation of capital gains tax is determined on the basis of First In First Out (FIFO) method. This is as per the amendment to the Income Tax Act. The proof of the cost of acquisition will remain to be the contract note.

9.7 DEPOSITORY SYSTEM IN INDIA

In April 1996 the Governing Board of SEBI approved the draft of *SEBI (Depositories and Participants) Regulations* 1996. The Securities and Exchange Board of India notified these regulations on May 16, 1996. The government of India in 1996 introduced in Lok Sabha the Depository Bill to usher in *scrip less trading* and avoid "bad delivery, theft and forgery in share transfer and settlement" .

National Securities Depositories Ltd. (NSDL) promoted by Industrial Development Bank of India, Unit Trust of India and National Stock Exchange emerged as the first depository to be registered in India. There was a great debate on *central-versus-multiple depository system.* Ultimately multiple depository system became a choice. Considering the sheer size of the network that would have to be established, a single organisation may not be able to handle it. To have competition, multiple depository is a must. Subsequently, another depository emerged on Indian scene i.e. Central Depository Services Limited (CDSL). It received a certificate of commencement of business from SEBI on February 8, 1999. CDSL was set up with the objective of providing convenient, dependable and secure depository services at affordable cost to all market participants. All leading stock exchanges like the National Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, The Stock Exchange, Ahmedabad, etc have established connectivity with CDSL.

29th November, 1996 was a *red letter day* for Indian capital market as in rnore than 100 year history of stock exchanges in India, for the first time National Stock Exchange witnessed trade in dematerialised scrips of an Indian Company i.e. 'Reliance Industries'. The very first lot of transaction was, as expected, at premium in comparison to prevailing price for physical delivery due to *inherent qualities* of *quick settlement. clean deliveries* and *exemptions from stamp duty.* To make the system operational on large scale, Government of India promulgated an ordinance to amend the Depository Act to enable the shares of statutory bodies such as IDBI. SBI, UTI and other public sector banks and the units of mutual funds to transact through depositories.

The changes in last few years in mechanism of capital market has made market more efficient. About 99% of settlements are through depositories. Besides overcoming the problems of bad deliveries, paper deliveries etc. this system has cut down the time taken in settlement. Indian market now has attained T+3 settlement effectively and efficiently through NSDL and CDSL Some of the important statistics about depositories in India at present (May 2004) is as under:

Features	**NSDL**	**CDSL**
DPs (no.)	216	220
Investors (Iakhs)	53.53	6.71
Demat (qty- Crores)	8672	1428
Demat (Value Rs- Cr)	912812	103338
No. of Co.s (equity)	5311	4837

(**Source:** NSDL and CDSL)

Working of National Securities Depositroy Limited (NSDL)

NSDL is the first depository in India till now registered with SEBI in June 1996. It has been promoted jointly by lDBI, UTI and NSE. NSDL operates through a network of DPs who interact with investors. However, as required by the Depositories Act, NSDL is responsible to every individual investor holding an account with the depository. It operates on a *two-tier structure*, wherein it maintains the accounts of the DPs, who in turn maintain the clients' accounts. The online software provided by NSDL to the DPs give an access to each account maintained by depository participants so that their functioning can be monitored and controlled. NSDL also maintains online connectively with the registrars and transfer agents (R& T) of the securities and perform a daily reconciliation of all the account balances to ensure that the number of securities issued and dematerialised in the depository tallies. NSDL operates through DPs to perform the relevant functions which are as under:

a) Getting withdrawal and surrender of securities from and to the depository.

b) Maintain investor holding in electronic form.

c) Effect settlement of securities traded on the exchanges.

d) Carry out settlement of trades not done on the stock exchanges, i.e. off market trades.

In the operations of NSDL besides DPs there is another organisation called as *National Securities Clearing Corporation Ltd.* (NSCCL). It is responsible for the clearing and settlement system for its *clearing members* (CM) and investors to settle the trades in the depository section. The procedure is as under:

i) The cycle of delivering and receiving securities in this market segment broadly remains similar to the existing cycle for physical securities, that is, from Wednesday to Tuesday with the exception that pay-in and payout of both securities and funds are affected on the same day, that is Tuesday.

ii) In the physical segment, today, a seller delivers paper securities to his CM who in turn, pays in such securities in the clearing house in the depository segment, the seller is required to instruct his DP to transfer securities from his account with the DP to the CM's pool account with the DP.

iii) On or before the time specified for the pay- in by NSCCL, the CM instructs its DP to move the required balance from its pool account to its delivery account.

iv) The NSDL then moves the balances from CM's delivery accounts to NSCCL settlement account within the depository as per schedule set up for the pay in of depository securities.

v) Payout is received from NSCCL into the CM's account from where the CM instructs his DP to distribute the securities to the buyers.

NSDL also provides *stock lending and borrowing* facilities to the investors, subject to the regulations on lending and borrowing. The investor can also receive his *corporate benefits through NSDL*. The disbursement of cash benefits such as dividend/interest will be done by the registrar whereas the distribution of securities entitlements will be done by the depository based on the information provided by the registrar.

The NSDL fee structure

The NSDL has specified a fee structure for all the players in the system and it is as follows: