JKB Financial Services
Investments Beyond Banking

Rights and Obligations of Beneficial Owner (BO) and Depository Participant (DP) as prescribed by SEBI and Depositories

General Clause

1. The Beneficial Owner (BO) and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (DP Regulations), 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 BO 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 BO 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 BO as set out in the Tariff Sheet provided by the DP. It may be informed to the BO 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 BO regarding the same.

Dematerialization

8. The BO 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 BOs and securities of each BO shall be segregated and shall not be mixed up with the securities of other BOs and/ or DP's own securities held in dematerialized form.
10. The DP shall not facilitate the BO 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, DP Regulations 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 BO only on the basis of an order, instruction, direction or mandate duly authorized by the BO and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The BO 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 DP shall execute 'non-pay in' related instructions not later than next working day from the date of submission of instruction by the Beneficial Owner. Further, if the date of submission and the execution date of instruction are same, DP may execute such instructions on the same day at Beneficial owner's risk on a "best e ort basis".

Statement of account

14. The DP shall provide statements of accounts to the BO in such form and manner and at such time as agreed with the BO and as specified by SEBI/ depository in this regard.
15. However, if the balance has become Nil during the year, the DP shall send one holding statement annually to such BOs through email and shall resume sending the transaction statement as and when there is a transaction in the account. In case of accounts with credit balance but no transactions during the year, half yearly statement of holding for the year shall be sent to the BO through email.
16. The DP shall provide the services of issuing the statement of demat accounts in an electronic mode. The DP will furnish to the BO 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 DP 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 BO, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the BO as well as to the Depository. Similarly, the BO 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 BO shall

specify whether the balances in their demat account should be transferred to another demat account of the BO held with another DP or to rematerialize the security balances held.

19. Based on the instructions of the BO, the DP shall initiate the procedure for transferring such security balances within a period of two working days or rematerialize such security balances as per procedure specified from time to time by the depository. If the Beneficial Owner has outstanding dues at the time of submitting the request, the Participant shall give a maximum of 30 calendar days to clear the outstanding dues. Participant shall process request within two working days from the date of clearance of its outstanding dues from the Beneficial Owner. If the Beneficial Owner fails to clear the dues within the prescribed timeline, the Participant shall reject the request within two working days.

    Provided further, closure of demat account shall not affect the rights, liabilities and obligations of either the BO or the DP and shall continue to bind the parties to their satisfactory completion.

Default in payment of charges

20. In event of BO 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 BO, 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 BO 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 BO shall have the right to stop processing of instructions of the BO till such time he makes the payment along with interest, if any.

Liability of the Depository

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

a. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the BO due to the negligence of the depository or the participant, the depository shall indemnify such BO.
b. Where the loss due to the negligence of the DP under Clause (a) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

Freezing/ Defreezing of accounts

22. The BO 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.
23. The DP or the depository shall have the right to freeze/defreeze the accounts of the BOs on receipt of instructions received from any regulator or court or any statutory authority.
24. 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

25. The DP shall redress all grievances of the BO against the DP within a period of thirty days from the date of receipt of the complaint.

Authorized representative

26. If the BO 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 DP. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the DP.

Law and Jurisdiction

27. In addition to the specific rights set out in this document, the DP and the BO shall be entitled to exercise any other rights which the DP or the BO 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.
28. 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 Bye-laws of the relevant Depository, where the BO maintains his/her account, that may be in force from time to time.
29. The BO 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 BO.
30. 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.
31. 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.
32. 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 BO 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.

Others

33. The DP shall not directly / indirectly compel the Beneficial Owners to execute Power of Attorney (POA) or Demat Debit and Pledge Instructions (DDPI) or deny services to the Beneficial Owners if the Beneficial Owners refuses to execute POA or DDPI