

ICICI BANK CUSTOMER FIRST SERIES

A consumer education initiative

Demat Series I: Article 5 of 5

TIMES BUSINESS ASSOCIATE COMMUNICATION

De-risk your Demat Account

Your demat account is like your bank account in shares. Electronic holding of shares makes it easy for you to buy and sell shares. At the same time, it is important to be aware of the safety precautions to be taken. You may be prone to viewing swift market movements with panic (in the case of a fall) or haste (in the case of a rise). Such emotions may lead to risky actions on your part, hurting your long-term investments. Knowing what needs to be done can empower you against unscrupulous advice to act in haste and compromise your investments in the process.



Transaction Slip

Transaction slips are like cheque books and have to be treated with the same care. Ensure that the transaction-slip booklet you receive from your DP (depository participant) has serial numbers and your account number pre-printed on every slip. If your friendly broker asks you to leave some signed slips with him in order to ensure timely settlements, be aware that this is equivalent to issuing signed blank cheques.

Target Account

When you sell a share, the details of the buyer – his beneficiary account number and DP ID – have to be filled up by you, to ensure correct delivery. In an off-market transaction, you should fill these up before handing in the transaction slip to your DP. For a transaction executed

on a stock exchange, the details of the target account are unknown to you. Therefore the shares have to be credited to the pool account of the broker, who will deliver the shares on your behalf to the clearing house.

Credits

If you are the buyer, ensure that credits for "buy" transactions are made into your demat account and do not remain in the broker's pool account. Be aware of the settlement cycle in which you have bought the shares, and ensure that the settlement into your account happens according to the calendar (T+2 in most cases). Your transaction is not completed unless it is settled.

E-mail/SMS Alert

Subscribe to the e-mail/SMS alert facility with your DP or depository, so

that you will be alerted whenever there is a transaction in your demat account. You can track your debits and credits as they occur and be sure that they have happened correctly. If there are transactions that you have not authorized, or have not actually conducted, you get to know soon enough to take appropriate action. Needless to add, you must check the periodic statements from your DP to verify the transactions in your account.

Freeze and Unfreeze

You have a demat account, but do not transact too frequently. You worry about someone else transacting in the shares in your account. You can block transactions in your account by requesting your DP to freeze transactions in your demat account. The freeze can work at the account

level, at the transaction level (debit only, credit only or both) or at the ISIN level (for total or specific quantities).

Paper to Demat

Update your records (name, signature, address) with the Registrar and Transfer agent before converting paper certificates to demat. Non-financial transactions such as these do not require the share certificates, but only the certificate numbers and folio numbers. Do not hand in your paper certificates to anyone. Whenever a share certificate is handed in for demat to your DP, ensure that it is defaced with the term 'Surrendered for demat', to prevent misuse.

Power of Attorney

You are an NRI living abroad, or a busy person with little time. You are unable to carry out the paperwork associated with your demat account, from time to time. You may like to ask someone else to transact in your demat account, on your behalf, by handing them the power of attorney to do so. Ensure that your rights to the demat account are not excluded. You too should be able to operate the account and receive transaction details.

Nomination and Account Details

The details in your demat account, namely the address, bank details and nomination, will apply uniformly to all the shares that you hold in the account. You need not correspond with every company or its registrar, once you have dematted the shares and are holding them in your account. Ensure that these details are correct and updated at all times. Dividends will go into the bank account that you have specified. Notify



Sir, don't be afraid! Your shares are safe. I'm only dematerializing your physical certificates!

GET SET KNOW

CONTEST

Question

When paper share certificates are handed in for demat, they should ____.

Answer

- A. Not be defaced in any manner
- B. Be defaced as "surrendered for demat"
- C. Be torn into two pieces

To answer, SMS DISHA A, B or C to 53030 and win a 2N 3D holiday * Contest open for the day of publication.

* Terms and conditions apply. Visit www.dishafc.org for details and winners.

your DP if you need to change the bank account details.

Knowing the processes and the safety precautions is your best bet to prevent any misuse of your demat account.

Center for Investment Education and Learning

DID YOU KNOW ?

Demat accounts cannot be operated on an "either or survivor" basis like a bank account. Joint accounts can be operated only by all the holders of the account.

FAQs

I operate a demat account in the name of my minor son. Can he nominate me to this account?

No. Minors are not authorized to enter into financial transactions. If you are the guardian of the account, you cannot nominate yourself either.

I was in a hurry to complete a transaction, but did not know the ISINs for the shares that I sold. I entered the account number and signed the slip. Is there a risk?

Yes. If you have filled up only your account details, you have opened your demat account to the broker to whom you have given the transaction slip. Taking a minute more to enter the ISINs of the shares you sold is necessary. Your broker could refer to his terminal and give you the required ISINs.

If I have to change the address in my demat account, what are the documents to be provided?

Change of address requires proof of identity, proof of address and the signatures of all the account holders. You have to provide the standard documents for both proofs.

We welcome your questions, suggestions and feedback on this column. Please use the 'Email Us' link at www.icicibank.com or send an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

SMART BANKING

Track your Demat Account



Subscribe to the e-mail/SMS alert facility with your DP or depository.

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