



CIRCULAR

CIR/MIRSD/12/2013

December 04, 2013

The Managing Directors
CDSL and NSDL

Sub: Simplification of demat account opening process

1. SEBI has taken a number of steps in the recent past to simplify the Account opening and KYC process in the securities markets. In continuation of the efforts in the same direction, it has now been decided in consultation with both the Depositories and Associations of stock brokers and Depository Participants to further simplify and rationalize the demat account opening process.
2. The existing Beneficial Owner-Depository Participant Agreements shall be replaced with a common document "Rights and Obligations of the Beneficial Owner and Depository Participant". The document annexed herewith shall be mandatory and binding on all the existing and new clients and depository participants. This will harmonize the account opening process for trading as well as demat account. This will also rationalise the number of signatures by the investor, which he is required to affix at present on a number of pages.
3. The Depository Participant shall provide a copy of Rights and Obligations Document to the beneficial owner and shall take an acknowledgement of the same. They shall ensure that any clause in any voluntary document neither dilutes the responsibility of the depository participant nor it shall be in conflict with any of the clauses in this Document, Rules, Bye-laws, Regulations, Notices, Guidelines and Circulars issued by SEBI and the Depositories from time to time. Any such clause introduced in the existing as well as new documents shall stand null and void.
4. The Depositories are directed to:
 - i. Bring the provisions of this circular to the notice of the Depository Participants and also disseminate the same on their websites. They shall take necessary steps to implement this circular immediately and ensure its full compliance in respect of all new clients within 3 months from the date of this circular.
 - ii. Advise the depository participants to intimate their clients the modified provisions of the Rights and Obligations Document, replacing the existing BO-DP agreements.



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- iii. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with each another to achieve uniformity in approach.
- iv. Communicate to SEBI, the status of the implementation of the provisions of this circular in their Monthly Development Reports.

5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of and to regulate the securities markets.

6. This circular is available on SEBI website (www.sebi.gov.in) under the categories “Legal Framework” and “Circulars”.

Yours faithfully,

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**Encl.: Rights and Obligations of Beneficial Owners and Depository Participants
Document**