

# OPERATIONAL MANUAL-VFC SECURITIES PRIVATE LIMITED.

DEPOSITORY means "a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (IA) of section 12 of the Securities and Exchange Board of India Act, 1992."

In India, there are two types of depositories National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL).

A depository (NSDL) cannot directly open Demat accounts and provide services to clients. Any person can avail of the services of the depositories with the depository through Depository Participants such as VFC Securities Private Ltd. A Depository Participant (DP) is described as an agent of the depository. They are the intermediaries between the depository and the investors. The relationship between the DPs and the depository is governed by an agreement made between the two under the Depositories Act, 1996.

## Type of Demat Accounts

- Resident Ordinary Account
- Hindu Undivided Family (HUF)
- DOMESTIC Corporate Accounts
- Non-Resident Indian (NRI) Accounts
- Clearing Member Accounts
- Commodities Account
- Trust
- Bank
- Margin Account

1. Account Opening Process: The process of opening Demat account is very similar to a bank account. Investor may open an account in one or more Depository Participants or he/she/it can open one or more account in same Depository Participant. No minimum balance is required for opening an account. Investor can open an account in a single name / joint names. In joint account either or survival facility is available. All holders sign is compulsory in his account.

1.1 In-Person Verification: When investor wants to open a Demat account in VFC Securities Private Limited (VFC), the staff of the branch verify the photograph affixed in the account opening form as well as proof of identity documents. Further, in case of joint account In-Person Verification needs to be carried out for all the holders of the account & they should sign in the presence of staff of the VFC.

1.2 VFC provide the account opening form along with agreement (as per Annexure B in the Bye Laws) duly executed on a stamp paper of appropriate value.

1.3 The investor should submit anyone of the following as a valid Proof of Identity / Proof of Address along with a photocopy.

## Proof of Identity

- Passport
- Voter ID Card
- Driving License
- Pan card with photograph
- Identity Card/ documents with applicant's photo issued by
- Central/state Government and its Departments,
- Statutory / Regulatory Authorities



- Public Sector Undertaking
- Scheduled Commercial Banks
- Public financial Institutions
- Colleges affiliated to universities (this can be treated as valid only till the time the applicants are a student)
- Credit cards / debit cards issued by banks.

**Proof of ADDRESS:**

- Ration Card
- Passport
- Voter ID Card
- Driving License
- Bank Passbook / Bank Statement
- Verified copies of
  - a) Electricity Bills (**not more than two months old**)
  - b) Residence Telephone Bills (**not more than two months old**)
  - c) Leave and License Agreement / Agreement for sale.
- Self-declaration by high Court & supreme court judges, giving the new address in respect of their own accounts.
- Identity Card / documents with address issued by
  - a) Central/state Government and its Departments,
  - b) Statutory / Regulatory Authorities
  - c) Public Sector Undertaking
  - d) Scheduled Commercial Banks
  - e) Public Financial Institutions
  - f) Colleges affiliated to universities (this can be treated as valid only till the time the applicants are a student)

**1.4** Pan Card copy is compulsory for all type of opening Demat account. Staff of VFC verify pan card number in the website of the Income Tax Department or alternatively subscribe to the Internet Base Service of NSDL.

**1.5** Investor may submit two addresses i.e. local & correspondence with proper proof. They have the option to use anyone for default address.

**1.6** Investor should submit complete bank address including 9-digit MICR code is necessary for the issuers to undertake distribution of corporate benefits directly to the bank accounts of account holder.

**1.7** Before proceeding to opening the account, staff of VFC verify the photocopies of documents submitted with their corresponding originals & put his / her signature on them with remarks "Verified with Original".

**1.8** Afterwards, staff of VFC open the account and provide welcome kit of print the client master report along with delivery instruction slip by courier or hand delivery to client after the account is in Active status in the DPM system.

**1.9** As per NSDL policy VFC appoint a firm of qualified chartered accountant holding a certificate of practice for conducting the Internal & concurrent audit. The concurrent auditor should conduct the audit in respect of all accounts opened during the day, by the next working day.

**2. HUF:**

- a) The PAN details of the HUF entity would have to be entered in the NSDL system.
- b) Declaration by Karta giving details of the family members of the HUF with their names, sex (male/ female), date of birth and relationship with the Karta.
- c) DPs shall note the following while opening a HUF account:
  - (i) HUF accounts cannot be opened with joint holder(s).
  - (ii) HUF accounts cannot appoint a nominee.
  - (iii) In the account opening form, the Karta shall sign under the HUF stamp.
  - (iv) Account shall be opened in the name of HUF entity.
  - (v) PAN details of both the HUF entity and Karta of the HUF. shall be



obtained from the Beneficial Owner.

(vi) The name shall be as it appears in the PAN card, e.g. A H Doshi & Sons, Bal Govind Zangle (HUF).

(vii) In case POA is to be given by the Karta to some other entity to operate the HUF Account, the POA shall be signed by all the members of the HUF account in addition to the Karta.

### **2.1 Procedure to be adopted in the event of death of Karta is as follows:**

- a) HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta.
  - b) HUF does not come to an end in the event of death of the Karta.
  - c) In the event of death of the Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta appointed by the members of the HUF who in such a case shall be the senior most member of the family.
  - d) The new Karta shall submit the new list of members, Original or a copy of the death certificate of the deceased Karta duly notarized / attested by Gazetted Officer and a no objection from the surviving members of the HUF for him/her to act as Karta of the HUF.
  - e) The existing BO account need not be closed and the same account may continue.
  - f) The death of the Karta shall not mean that the securities lying in the BO account of the HUF is deemed to have divided among the coparceners as if the partition has taken place.
- The new Karta will submit to the DP the account modification form and record change in signature of the new Karta to operate the account. DP will make

### **2.2 Account Opening**

necessary modifications in the name of Karta after verifying all the documents and record change in signature of the new Karta to operate the account. The previous account need not be closed and the same account can continue.

### **2.3 Procedure to be followed in case of partition of HUF:**

- a) A total or partial partition shall be recognized only if a claim to that effect is made by one or more coparceners.
  - b) An intimation of a total or partial partition shall be accompanied by a signed letter mentioning the names of the other members and their confirmation of a partition having taken place.
  - c) In case of partial partition of the HUF, if desired by one or more coparceners the new Karta shall transfer shares to the said coparceners who seek partition and the BO account of the HUF shall continue. The account of such coparceners shall be treated as their individual accounts.
  - d) In case of full partition of the HUF, the shares shall be divided amongst all the coparceners in the manner specified by the applicant subject to fulfillment of clause above and the HUF account shall cease to exist.
- In both the above cases, the Karta can transfer shares to the members who seek partition. If the issue of transfer cannot be amicably settled, the family members can go to court and transfer of shares can then be based on the Court directions.

### **2.4 Procedure to be followed in case of POA being given for the HUF**

The Power of Attorney (POA) document shall be signed by the Karta of the HUF and all the co-parceners.

## **2. HUF Account Opening**

2.1 Same procedure as per Account Opening Process from point no 1.1 to 1.6

2.2 After verification of VFC's staff, open the Demat account in the name of the



Karta of the HUF.

2.3 Karta of the HUF should not open joint account & may not add nominee.

### **3. Minor Account Opening**

- i. Only a guardian can open Demat account for a minor
  - ii. For opening Demat account in the name of minor should not have joint holder (s).
  - iii Guardian should submit documents as per given point no. from 1.1 to 1.9
- IV. Guardian may submit documents for minor, as per given below

Photocopy of school leaving certificate / mark-sheet issued by higher secondary board of respective states, ICSE, SBSE / Passport of the minor / original or attested or notarized birth certificate of the minor to ascertain the date of birth of the minor.

#### **3.1 Procedure for minor attaining majority**

- i. 18 years where minor's account is represented by a natural guardian or 21 years of age in case of minor whose Guardian is court appointed.
- ii: VFC communicate to the client about opening fresh Demat account. If client does not respond with in one month from the date of communication VFC can suspend the account for debit & disable the standing instruction for credit pertaining to the account of minor.
- iii. If client approaching the VFC for opening new account
  - a) Client can open new account with joint holding
  - b)
    - i) An application for transferring securities from the old account to the new account and to hold and operate the said new account.
    - ii) Duly attested copy of birth certificate.
  - c) VFC are advised to direct their clients accordingly obtain new pan details of the client & VFC transfer the securities from the old account to the new account & close the old account only after satisfying about the identity of the account holder.

### **4. Partnership Firm**

- 4.1 The account should be opened only in the name of partners.
- 4.2 Partner should submit the documents as per given point no. from 1.1 to 1.6 & copy of the Partnership Deed to verify the name of partners
- 4.3 Partner should submit pan details & bank details of the Partnership Firm. VFC provide Annexure (as per given NSDL format) for opening an account in the name of partners for holding securities that belong to the Partnership Firm.

### **5. NRI / FN (Non resident Indian / foreign national)**

- 5.1 If NRI / FN wants open an account, the Account Opening Process is same as per given point no. 1.1 to 1.9
- 5.2 In case where In-Person Verification for NRI / FN client has not been carried out by VFC staff or not verify the original KYC documents (POI & POA i.e. foreign address, where the NRI / FN is residing) along with Pan Card, in such a situation, it is clarified that:
- a) NRI / FN client should sign Account Opening Form and photocopies of the KYC documents.
  - b) NRI/FN Clients should get their KYC documents attested by anyone of the seven mentioned entities viz; Notary Public, any Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General of the country where NRI/FN is residing.



- c) NRI / FN should submit RBI approval letter. (RBI approval letter for sale in case of delivery instructions) VFC's staff read out / explains the contents of the Account Opening Form, VFC - client agreement and delivery instruction form to the client(s). Staff of the VFC sign and remarks "details explained to the client (s)", on the Account Opening Form, copy of the agreement and Delivery Instruction Form.

6. **An Illiterate Person:**

- VFC's staff read out/explain the contents of the account opening form, VFC-client agreement and Delivery instruction form to the client(s). Staff of VFC will sign along with Remark "Details explained to the client(s)" on the account Opening form, VFC-client agreement and Delivery instruction form
- An Illiterate Person must affix the thumb impression (left hand thumb in case of a male & right-hand thumb in case of a female) on the agreement as well as on the Account Opening Form.
- In account opening of Illiterate Person must be either introduced by account holder or attestation by Applicant's Bank.

7. **NOMINATION:** Investor holding securities in dematerialized form have the option of nominating persons who would be entitled to receive securities outstanding in their names in the event of their death.

- A minor cannot nominate but a minor can be a 'nominee'
- **Non-Resident Indian can be a Nominee.**
- **The nominee shall not be a Trust, Society, Body Corporate, and Partnership Firm, Karta of HUF or a power of attorney holder.**

8. **Changes in Client Details of address / signature / bank details**

8.1 holder(s) may change any of the following details in his/her account. They should submit the changes in writing.

- Holder can change Standing Instruction activate or deactivate
- Holder can change Occupation details
- Holder can change phone number
- Holder can change E-mail Address

8.2 **Change of Address:**

- Client should personally visit the VFC to submit written application.
- All holders must sign the application.
- Proof of new address along with the original documents of the new address. As per point no. 1 (1.3 Proof of Address)
- Client should sign in the application letter once again in the presence of the staff of VFC, if signature not tallies with VFC's record.

8.3 **Change of Signature**

- Client should personally visit the VFC to submit written application.
- All holders must sing the application. (However as per NSDL Rules & Regulations the



signature of the person wanting to change the signature is sufficient)

- Client's banker should duly attest new signature.
- Client should sign in the application letter once again in the presence of the staff of VFC, if signature not tallies with VFC's record.

#### **8.4 Change of Bank Details**

- Holder(s) should personally visit the VFC to submit written application.
- All holders must sign the application.
- III. Holder(s) should submit a new original cancelled cheque & bank passbook copy.
- Client should sign in the application letter once again in the presence of the staff of VFC, if signature not tallies with VFC's record.

## **II. DEMATERIALISATION OF SECURITIES:**

Dematerialization is process of converting the physical holding securities into electronic form. They do not have any distinctive numbers, folio number or certificate number. I.e. the securities are fungible. Each security is identified system by an International Securities Identification Number. The securities held by an investor in the depository are freely transferable from one beneficial owner to another.

### **A. Dematerialization process**

1. Investor should submit Demat Request Form along with Physical Certificates to VFC.
2. Before submitting the DRF VFC checks whether the securities which investor would like to dematerialize are available for Demat in the depository segment.
3. If shares are in the name of joint account (i.e. A & B), the shares cannot be dematerialized in the account of either anyone holder (i.e. A OR B). Also, if shares are in the name of single account (i.e. A), the shares cannot be dematerialized in the name of joint account (i.e. A & B).
4. Separate DRFs have to be submitted for
  - Free and locked-in securities
  - Securities locked-in for different reasons (in case of locked in securities, filled-up lock-in reason & Lock-in release date on the DRF.
  - Each ISIN
  - Securities of different paid up value
  - For each client account
5. Demat Request Form should be signed by all account holders. Signature of all account holders (s) tallies with the specimen signature with VFC record.
6. Account holder must put the stamp "Surrendered for Dematerialization" on physical certificate. If defaced the stamp, holder(s) cannot be sold securities in physical form. If defacing the stamp by mistakenly then holder should send the physical shares to registrar for replacement.
7. If Demat request forms along with physical certificates are not found in order, the VFC should return the DRF and certificates. If it's in order then VFC accept the DRF and



- issue an acknowledgement to the client.
8. VFC enter the dematerialization request in DPM and DPM generates a Dematerialization Request Number.
  9. VFC punches two holes on the name of the company and draw two parallel lines on the face of the certificate.
  10. VFC forward the DRF along with physical shares to the issuer / R & T Agent for dematerialization.
  11. In case DRF is not found in order,
    - The issuer/R&T Agent sends an objection memo to the VFC, with or without DRF along with physical shares.
    - VFC informs the client accordingly & requests removal of reasons for objection.
    - VFC provides additional information to the issuer/R&T Agent within 15 days of receiving the objection memo.
    - If the client fails to send additional information to the issuer / R& T Agent within 15 days. The issuer / R& T Agent may reject the request and return DRF along with physical shares to VFC.
    - VFC also rejects the request and return DRF along with physical shares to Client & obtains an acknowledgement.
  12. Client may resubmit new DRF along with physical shares for dematerialization after resolving the reason for the rejection.
  13. If issuer / R&T agent finds the DRF to be in order, they inform to NSDL for creating the appropriate credit balance in the client's account
  14. Turnaround time for Dematerialisation process in our Office should be maximum 7 days from the date of Receipt of Request from the Client. i.e. We should Send the request to Transfer Agent within 7 days.

## **B. Rematerialisation process**

Rematerialisation is the exact reverse of dematerialization. Rematerialisation is process converting electronic holding in to the physical securities after debiting the same from the Demat account.

1. Investor should submit Remat Request Form to VFC.
2. before submitting the RRF, VFC checks whether the securities which investor would like to rematerialize are active or not for Remat in the depository segment.
3. If Shares are in the name of joint account (i.e. A & B), the shares cannot be rematerialized in the account of either anyone holder (i.e. **A OR B**). Also, if shares are in the name of single account (i.e. A). The shares cannot be rematerialized in the name of joint account (i.e. A & B).
4. Separate RRF have to be submitted for:
  - Free and locked-in securities
  - Securities locked-in for different reasons (in case of locked in securities, filled-up lock-in reason & Lock-in release date on the RRF
  - Each ISIN
  - Securities of different paid up value
  - for each client account
5. Remat Request Form should be signed by all account holders. Signature of all account holders (s) tallies with the specimen signature with VFC record.
6. If Remat Request Form is not found in order, the VFC may return the RRF. If in order then VFC accept the RRF and issue an acknowledgement to the client.
7. VFC enter the rematerialisation request in DPM and DPM generates a Rematerialisation Request Number.



8. VFC forward the RRF to the issuer / R & T Agent within seven days of accepting it from the client.
9. In case RRF is not found in order, the issuer, R&T Agent sends an objection memo to the VFC, with or without RRF.
10. The VFC, on receiving confirmation of debit entry in DPM, they inform the client accordingly. The entire process takes a maximum of 30 days. No trading is possible on the securities sent for Rematerialisation.
11. Turnaround time for Rematerialisation process in our Office should be maximum 7 days from the date of Receipt of Request from the Client. i.e. We should Send the request to Transfer Agent within 7 days.

### **C. Transmission - cum - Demat**

The word "Transmission" means devolution of title to shares, for example, devolution by death, succession. Inheritance, bankruptcy, marriage, etc. if the securities are held in the electronic form, documents have to be submitted to the VFC and / or if the securities are held in physical form, the documents have to be sent to the company for effecting transmission.

#### **1. In case of single holder**

- In case of certificates held along with a person who has deceased, and no nomination is there in his account, then the claimants / successors / legal heirs of the deceased can get the securities transmitted in their favour by submitting their claim duly supported by the relevant legal documents to the VFC.
- If the claimants / successors / legal heirs have an existing Demat account in their name, the securities to be transmitted would be credited to their existing account.
- In other cases, the claimants / successors / legal heirs will have to open an account with any other DP to get the securities transmitted.

**The following documents have to be submitted with the request for transmission:**

- A copy of the death certificate, duly notarized;
- A copy of the succession certificate, duly notarized, or an order of a competent Court, if the deceased has not left a Will; or
- A copy of the Probate or Letter of Administration duly notarized.

#### **2 In case of Joint Account:**

If anyone of the joint holders dies, the surviving joint holder can get the securities transmitted in their favour by submitting below mentioned documents of the deceased joint holder.

- The surviving holder (s) should open separate account with any DP
- Ensure all surviving holder (s) sign the instruction form.
- Ensure that instruction form is accompanied with a copy of notarized death certificate.
- Verify signature.

Turnaround time for Transmission process in our Office should be maximum 7 days from the date of Receipt of Request from the Client. i.e. We should Send the request to NSDL within 7 days.

### **III. INSTRUCTION SLIP PROCESSING**

Transferor & transferee have to give instructions to VFC for delivering and receiving of securities. Client has one option for give 'Standing Instructions' (SI) to VFC for receiving shares in his account. If SI is not given client has to give separate instructions each time the shares have to be received. Instruction slips are like Cheque leaves, so do not give it to VFC or any other person "Blank with / without Sign". In Demat account, "Either or Survivor" concept is not available. If holder wants new instruction booklet, the requisition slip (provided in existing booklet) should be submitted to VFC. As per recent SEBI guidelines SEBIIMRD/Dep/Cir-03/2007 dated 13th Feb 2007, not more than 20 instruction slips for



individual account and not more than 100 instruction slips for non - individual account holders, can be issued at one time. VFC accept the requisition slip after the holder has used not less than 75% of the slips contained in the previous DIS booklet. If the DIS booklet is lost / stolen / not traceable of the holder, the same must be intimated to the VFC immediately in writing duly signed by all the holders to make a stop transfer.

**a. Settlement of off market transactions:**

Any trade that is cleared and settled without the participation of a clearing corporation is called off market trade. If holder (s) want to transfer his shares via off market, follow the details are given below:

1. The Instruction Slip should be filled up properly and cancelled the blank columns.
  - Please fill-up the following details of the Target account.
    - DP ID
    - DP Name
    - Client ID
2. Holder is required to specify the date on which instruction should be executed by mentioning the execution Date on the instruction.
3. All the holder(s) of the account have to sign the Instruction Slip.
4. Staff of VFC gives acknowledgement on duplicate copy (ies) of the instructions submitted.
5. Staff of VFC will enter the instruction in the DPM if the instruction form is complete in all respects.
6. If holder's has sufficient balance in his account such quantity will be debited on the execution date.
7. If holder's has insufficient balance in his account the instruction will fail till the end of the day of the execution date.

**b. Settlement of Market transactions:**

A market trade is one that is settled through participation of a clearing corporation. Once the trade is executed by the broker on the stock exchange, the holder gives a delivery instruction to VFC to transfer securities to his Broker's account  
The holder should follow the details given below;

1. the Instruction Slip should be filled up properly and cancelled the blank columns.
2. The Delivery Instruction Slip should contain the market type for which securities are being transferred to the Clearing Member. The contract note / trade confirmation slip given by the broker / sub-broker will indicate the market type.
3. Settlement no. in which the trade has been done by the broker / sub-broker. This is a 7-character code.
4. Every broker in a stock exchange offering settlement in dematerialized securities will have to open a distinct account called 'Clearing Member Account'. It is identified with a number called 'CM-BP-ID'.
5. Name of the broker to whom the securities are to be transferred.
6. Holder should submit the instruction slip to VFC by 4 p.m. on the day prior to pay-in or after 4.00 pm for next day pay in will be accepted on 'Best Effort'.
7. Holder is required to specify the date on which instruction should be executed by mentioning the execution date on the instruction.
8. All the holder (s) of the account have to sign the instruction slip.
9. Staff of VFC gives acknowledgement on duplicate copy (ies) of the instructions submitted.
10. Staff of VFC will enter the instruction in the DPM if the instruction form is complete in all respects.
11. If holder's has sufficient balance in his account such quantity will be debited on the execution date.
12. If holder's has insufficient balance in his account the instruction will fail till the end of the day of the execution date.



- c. **Inter-depository transfer:** Transfer of securities from an account in one depository (NSDL) to another depository (CDSL) is termed as an inter-depository transfer. This facility is quite similar to account transfers within NSDL.

#### **IV. PLEDGE**

The pledgor and the pledge must have Demat account with NSDL. The holder has shares in his account can be pledged against a loan, credit or such other facility availed.

- a. **Pledge Creation:** A pledge transaction needs identification, which may be an agreement number. The borrower is called a pledgor and the lender is called a pledgee.
- The pledgor needs to submit a Pledge Creation form (Annexure W) duly filled up with all details like the details of shares to be pledged, the agreement number, Closure date of the pledge / hypothecation, Pledgee's details, Execution date.
  - All the account holder should sign the form.
  - VFC verifies the form, if it is any mistake then VFC returned to the pledgor for correction.
  - If the form is complete then the VFC issue an acknowledgement to the pledgor.
  - VFC generates instruction number for the pledge and release the order to NSDL.
  - When securities are transferred from free balances to pledged balances of the pledgor afterwards VFC inform to the pledgor, the pledge initiation instruction number.
- b. **Pledge Confirmation:** VFC of the Pledgee must confirm the creation of pledge before- the date of closure of pledge mentioned in the pledge Creation form submitted by the pledgor. On receipt of such intimation from VFC, the pledgee submits his acceptance or rejection form. When acceptance received from the pledgee, the VFC compares the details as per form & as per records. Upon acceptance, the securities will be marked as "Pledge" in Pledgor's Demat account. VFC of the Pledgor cannot cancel the pledge order after confirmation of creation of the pledge by the pledgee.
- c. **Pledge Closure:** Pledgee can close the pledge through unilateral option through VFC.
- Pledgor repays the loan to pledgee.
  - The pledgee submits a Unilateral Pledge Closure request to VFC for close the pledge.
  - VFC forward the request to NSDL & they informs to Pledgor's DP.
  - Securities are moved from 'Pledged balances' to free balances in the Pledgor's account.

d. **Invocation of pledge by pledgee:**

- The pledgor fails to repay the loan under the agreement of pledge then the pledgee can send invocation notice to pledgor.
- In such a case, pledgee submits an invocation form to VFC for invoking the pledge.
- VFC verifies the form for its completeness and validity, if it's in order VFC issues acknowledgement to the pledgee
- VFC forward the request to the Pledgor's DP through the NSDL System.
- Securities moved automatically from Pledgor's account to Pledgee's account through NSDL System.

#### **V. CORPORATE BENEFIT FOR PLEDGE:**

All corporate benefits - cash and non-cash - like dividends, bonus, rights, etc. will add to the borrower. Dividends will be given to the borrower in the usual manner and bonus shares will be credited to his account as pledged balances.

- i. **Monetary Benefits:** The Issuer / R & T Agent distribute dividend, interest



& other monetary benefits directly to the account holder. Companies are using ECS facility for distribution of dividends and other cash benefits to the account holder. They have been arranging to credit holder's bank account as per details available in VFC i.e. Book Closure / Record date. However, where ECS facility is not available, companies may use warrants for distribution of dividends. The company itself decides the mode of payment of dividend.

- ii. **Non-Monetary Benefits:** In case of benefits are in form of securities like bonus, rights etc., and share holders have an option to get securities in electronic form or physical form. Physical shareholders may opt for receiving shares in electronic form and vice-versa. When the Issuer / R & T Agent give the securities to the holder, they inform NSDL also. NSDL create credit entries in the account of the holders on a date requested by the Issuer/ R & T Agent.

In case of merger, amalgamation, capital reduction, sub-division etc., shares held in Demat accounts under old ISIN will be automatically debited and proportionate number of new shares will be credited in the new ISIN.

#### **VI. FREEZING / DEFREEZING:**

This option is helpful for avoiding unauthorized use / frauds of account. If holder doesn't want to do any transaction for long time in his account, he/she may freeze his/her account for Debit i.e. any debit transaction cannot be done but credit transaction will be received provided a standing instruction for credit is given for the account OR for All i.e. no debit and credit transaction can be done OR for ISIN i.e. particular ISIN can be frozen, blocking the ISIN for debit OR for Quantity of shares i.e. specified quantity of shares can be frozen till the account is unfrozen. The holder should submit an instruction form to VFC. If it's in order then VFC accepted the form and issued an acknowledgement to the holder. When holder wants to defreeze the same, the holder should submit another instruction form to VFC.

#### **VII. DEMAT ACCOUNT STATEMENT:**

- If holder has a transaction in his/her account in the previous month, the VFC provide transaction statement directly to the client's address.
- If holder has no transaction within last three months but some holdings in his/her account, the VFC provide transaction statement once in a quarter directly to the client's address.
- Holder(s) can also receive his/her holding / transaction on VFC website i.e. [www.vfc.co.in](http://www.vfc.co.in)

#### **VIII. CLOSURE OF ACCOUNTS:**

Holder(s) want to close his/her account; they should submit Application form in prescribed format to VFC. Submit as per given below.

- All account holder (s) signatures are compulsory.
- An account can be closed if there is no balance in the account,
- If there is any balance in the account, holder should submit transferring the balance letter with Application form to the credit of another account opened by the same account holder(s).
- Holder should pay all dues.
- Turnaround time for Closure process in our Office should be maximum 2 days from the date of Receipt of Request from the Client. i.e. We should Send the request to NSDL



within 2 days. In Case Closure is Initiated by DP 30 days' Notice period should be given to BO and then Closure Process should be initiated.

**KRA (KYC REGISTERING AUTHORITY):**

When New account is opened in Depository, staff of VFC should first Check with KRA by putting PAN no, whether the client is registered with KRA or NOT.

- If Client is not Registered with KRA, then within 5 days of opening the account, they should immediately upload the Details required by KRA along with KYC form and send it for registration with KRA.
- After uploading with KRA they should check with KRA for any discrepancies in the uploaded details and get it corrected if any discrepancies found by KRA.
- Once all the details are uploaded, they should check the status of Uploaded form within regular interval (ideally Once in Every week) and take the download when the said client registration process is completed.
- If the New client is already registered with any of the KRA, then the staff should Download the existing registered details of new client and check the PAN, Address, Bank account etc with VFC's KYC and if every thing matches than file the downloaded document with KYC form. If any of the detail does not Match with the downloaded Details, then we should apply for Modification with the said KRA as per their procedure and get the final download after the Modification has been effected by the said KRA.

Amended in December

Ref no. Circular No. NSDL/POLICY/2008/0077 dated 3<sup>rd</sup> Nov.2008.



