

Process of Dematerialisation of Shares

Dematerialisation is a process through which physical securities such as share certificates and other documents are converted into electronic format and held in a Demat Account. An investor intending to dematerialise its securities needs to open a Demat Account with a Depository Participant (DP). A depository is responsible for holding the securities of a shareholder in electronic form, these securities could be in the form of Share Certificates, bonds, government securities, and mutual fund units, which are held by a registered Depository Participant (DP).

Currently, there are two depositories registered with SEBI and are licensed to operate in India:

- ❖ NSDL (National Securities Depository Ltd.)
- ❖ CDSL (Central Depository Services (India) Ltd.)

The detailed process of Dematerialisation as under:

- Dematerialisation starts with opening a Demat account. For demat account opening, the investor needs to shortlist a Depository Participant (DP) that offers Demat services.
- Once the Demat Account is opened, the investor (registered owner) is required to submit a request to the DP in the Dematerialisation Request Form (DRF) for dematerialisation along with the certificates of securities (Share Certificates) to be dematerialised. On each share certificate, "Surrendered for Dematerialisation" needs to be mentioned.
- The DP verifies the details filled in the DRF including the certificates. The scrutiny involves Verification of Client's signature on the dematerialisation request with the specimen signature, comparison of the names on DRF and certificates with the client account, paid up status, distinctive numbers etc. If the form and security count is in order, the DP issues an acknowledgement slip duly signed and stamped, to the client.
- In case the securities are not in order they are returned to the client.
- The DP process the request along with the share certificates to the company and simultaneously to the Registrars and Transfer Agents through the depository.
- In case the securities are in order, the share certificates in the physical form are destroyed and confirmation of dematerialization sent to the depository.
- Once the request is approved, the share certificates in the physical form are destroyed and confirmation of dematerialization sent to the depository.
- The depository then confirms the dematerialisation of shares to the DP. Once this is done, a credit in the holding of shares will reflect in the investor's account electronically.

Please note that this cycle takes about 15 to 30 days from the submission of dematerialization request.