

Circular No.: NSDL/POLICY/2021/0075

Date: July 19, 2021

Subject: Guidelines for online closure of demat accounts.

SEBI has been receiving requests from investors mentioning that similar to the facility of online opening of demat accounts by the clients, there should also be facility for online closure of demat accounts.

In view of the above, SEBI has advised Depositories that Participants which are offering online account opening, shall ensure compliance as under:-

- To introduce the facility for online closure of demat accounts in accordance with the guidelines as prescribed and enclosed at **Annexure**.
- To inform their clients regarding the availability of facility for online closure of demat accounts through emails, SMS, weekly / fortnightly / monthly newsletters etc. The procedure for online closure of demat accounts shall be informed in such communications.

Participants are advised to take note of the above and ensure compliance by August 01, 2021.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed - One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Internal/ Concurrent Audit Report (October 2020 – March 2021)	July 31, 2021.	Through e-PASS	1. Circular No. NSDL/POLICY/2021/0041 dated May 04, 2021 2. Circular No. NSDL/POLICY/2021/0048 dated May 11, 2021
Compliance Certificate (January - June)	July 31st every year	Through e-PASS	Circular No. NSDL/POLICY/2019/0088 dated December 17, 2019.
Artificial Intelligence I/Machine Learning Reporting Form (if offering or using such technologies as defined) (Quarterly)	July 31, 2021	By email at Participant-Interface@nsdl.co.in	1. Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019 2. Circular No. NSDL/ POLICY/2020/0056 dated April 29, 2020 3. Circular No. NSDL/POLICY/2021/0041 dated May 04, 2021
Risk based Supervision of Participants (October 2020 – March 2021)	July 31, 2021	Through e-PASS	1. Circular No. NSDL/POLICY/2018/0050 dated September 25, 2018 2. Circular No.: NSDL/ POLICY/2020/0082 dated June 16, 2020 3. Circular No. NSDL/POLICY/2021/0041 dated May 04, 2021
Annual System Audit Report for the period ended March 2021	July 31, 2021	Through e-PASS	1. Circular No. NSDL/ POLICY/2020/0056 dated April 29, 2020 2. Circular No. NSDL/POLICY/2020/0071 dated May 19, 2020 3. Circular No. NSDL/POLICY/2020/0106 dated July 31, 2020 4. Circular No. NSDL/POLICY/2021/0041 dated May 04, 2021

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Guidelines for online closure of demat accounts

1. Client shall be entitled to close the demat account through online mode without mandatorily giving any reasons to the depository participant (DP). Clients shall not be restricted from requesting, through online mode or offline mode, for the closure of demat account maintained with the DP, subject to the compliance requirements as stipulated by SEBI / Depository from time to time.
2. Online closure of demat accounts shall be made available for the clients who have opened their accounts offline or online, by the DPs that provide various Depository related services in online mode. Those DPs which do not provide any services online and do not open accounts online may not be required to offer online closure of demat accounts.
3. Account closure for account with balance shall be done only through web portal / app of DP through secured access by way of client specific user ID and password (in case of internet clients) and the request send through emails, SMS, other messaging apps, etc. shall not be entertained by the DP. As the KYC process requires e-sign post which demat accounts can be opened by the DP, for online closure of accounts with balance also, client shall be required to e-sign the form (using Aadhaar based online electronic signature service) to be verified by the DP in accordance with guidelines as stipulated by SEBI / Depositories from time to time.
4. In case of clients having demat accounts with nil balances can be closed by the DPs on the basis of emails received from the registered email ID of the demat account holder.
5. Once the application for closure of demat account is received, the DP shall intimate to the client on registered email id and / or mobile number (on both if available) about the receipt of closure request. A confirmation regarding the request made shall be sought from the client by way of OTP sent on the email id and / or mobile number updated in its source account (to be closed account).
6. The request for demat account closure shall include target account details (in case of request for closure of demat account having security balances is made) where the client intends to shift the securities.

7. Client would have to upload the scan / photograph of his / her signature alongwith Client Master Report (CMR) of the target account digitally signed by official of the target DP (CMR applicable in case of account having security balances). Filled Account Closure form alongwith uploaded ink-signature of the client and CMR as uploaded, would be displayed in one single file to the client, subsequent to which, client shall then be required to e-sign the form (using Aadhaar based online electronic signature service) alongwith the documents and submit the same for further processing. The requirement of obtaining a CMR will be exempted if the DP is able to verify the target demat account details (i.e. sole holder's name and PAN should match perfectly) directly from the Depository electronically.
8. If the DP authorises the request received, the account will get closed in the Depository system. If the DP rejects the client requests received, the DP shall inform the reason for such rejection to the client.
9. In case the target account of the client specified in the account closure form is not its own account i.e. not the same PAN both in source and target accounts, as per the extant requirements, it will be necessary for the client to submit an off-market transfer instruction delivery instruction slip for execution of such transfers along with the requirement of entering OTP as provided by the Depository.
10. After the closure of demat account by the DP, the same shall be intimated to the client through electronic mode enclosing the CMR & Transaction cum Holding Statement of the closed account.
11. DP shall maintain and store system logs of the closure instructions and e-signed electronic requests (uneditable) received in electronic form in a secured manner and the same shall be subject to 100% internal audit.
12. Notwithstanding any such closure of demat account, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the closure of demat account shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
13. The above process shall be applicable in case of individual client accounts with single holder (without pledge / freeze / pending demat requests balances) and the closure

requests accepted through above mechanism shall be considered as a valid client request and DPs / Depository shall not be held liable for acting on such requests.

14. Depositories shall put in place a complaint redressal mechanism for dealing with complaints related to online closure of demat accounts.
