

Do's and Don'ts For a Demat Account

Do's

1. Opt for Internet Based services and monitor the demat account yourself.
2. Get an SMS Service to receive all the alerts related to the demat account on your Phone.
3. While accepting the DIS Book, ensure that your account number/Client ID and Serial numbers are pre-printed in each slip.
4. Be careful while stating the ISIN and the number of Securities held. Ask your DP in case of doubts.
5. Strikeout all the blank spaces on the DIS Slip to avoid and tampering after submission.
6. Inform your Do if there is any changes in your previously attached documents.
Many people forget to update details like a change in address and bank account details.
7. Several cases of misuse of the Power of Attorney have been observed in the past.
Understand the scope and implications properly before granting the Power of Attorney.
8. An Important Features often ignored by Investors is to freeze the demat accounts. IF
You do not plan to use the demat account for a long time, freeze it to avoid unwanted Debit and Credits.

Don't

1. Never leave the instruction book with anyone as it can be misused.
2. The DIS Slip should be filled with utmost care. Don't misspell, cancel or overwrite
The number of shares on the DIS Slip.
3. Avoid paying through cash for demat account expenses as physical money is hard
To track and regulate by depositories.
4. To ensure financial sanctity in the financial markets, regulators and DPs keep a
check on off-market transactions. If a transaction is found to be unauthorised or
fraudulent , the authorities send a notice seeking an explanation. To avoid getting
a regulatory report ,do not make unauthorised transfer to another demat account
through an offline medium.
5. Do not sign and leave the delivery instruction slip blank. Leaving the DIS blank is
equal to giving a blank cheque. It could be unsafe for your investments.
6. Do not initiate a transfer of shares with quantity more than you own in your demat
Account.

Conclusion

The Demat account is as safe as any financial storage system can be. However, it is Important that you opt for a credible and reputed stockbroker to ensure utmost security.