



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2024/574

September 27, 2024

GUIDELINES FOR ONLINE CLOSURE OF DEMAT ACCOUNTS

DPs are advised to refer to our following Communiques, wherein we had informed regarding the Guidelines for online closure of demat accounts and regarding the introduction of the facility for online closure of demat accounts from **September 01, 2021**.

1. Communique no. CDSL/OPS/DP/POLCY/2021/311 dated July 16, 2021
2. Communique no. CDSL/OPS/DP/POLCY/2021/363 dated August 17, 2021
3. Communique no. CDSL/OPS/DP/POLCY/2024/210 dated April 22, 2024

This is based on representation from Brokers' Industry Standards Forum and in consultation with SEBI order to bring the simplicity in online account closure process of the demat account, and to harmonize the online account closure process of the demat account with the online account closure process of the trading accounts, The guidelines for online closure of demat accounts as prescribed under Annexure A of Communique no. CDSL/OPS/DP/POLCY/2021/311 dated July 16, 2021, has been modified in point nos. 2, 4, 5 & 7. The updated **Annexure A** is attached herewith.

DPs are once again advised to note that facilities for 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.

DPs are advised to take note of the same and ensure compliance.

Queries regarding this communiqué may be sent to CDSL – Helpdesk through e-mail on dpertasupport@cdslindia.com or call us on 022-6234-3333

For and on behalf of

Central Depository Services (India) Limited.

sd/-

Nilesh Shah
Asst. Vice President – Operations



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Annexure -A

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 with 2 factor authentication (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 electronic/digital signature including Aadhaar eSign) 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 request received through web portal / app of DP through secured access with 2 factor authentication (in case of internet clients) or 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 provide acknowledgement to the client on registered email id and / or mobile number () about the receipt of closure request.
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. In case of demat account with balance, Client would have to upload the 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 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 electronic/digital signature including Aadhaar eSign) 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.



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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.