

What is difference between NSDL and CDSL? 

The only difference between both the depositories is **their operating markets**. While NSDL has National Stock Exchange (NSE) as the primary operating market, CDSL has Bombay Stock Exchange (BSE) as the primary market. According to industry experts, an investor can have a demat account linked to any of the depositories.

Is SBI a depository participant?



SBI is a Depository Participant registered with both NSDL and CDSL and is operating its DP activity through more than 1000 branches.
SBI Demat account: Want to know the benefits of a demat account opened with the State Bank of India (SBI)?

26-Mar-2020

What are depository charges?



Depository Participant (DP) charges are levied on all sell transactions of your Demat Account. ... DP charges are **the revenue source for depositories and its participants**. DP charges are a flat transaction fee, irrespective of the quantity sold. Hence, the fee charged is per scrip and not the volume sold. 05-Oct-2020

Who can act as depository participants?



Depository participants are **the agents of a depository such as NSDL or CDSL**. They are given license to operate by a depository, under the provisions of The Depositories Act, 1996. An investor, new to the stock market, needs to approach a depository participant to open a demat account.

Who can become a depository? 

In terms of the Depositories Act, 1996 and SEBI (Depositories & Participants) Regulations, 1996, only the following entities are eligible to become a Depository Participant:

Public Financial Institution. Banks including Foreign Banks. State Financial Corporation. 29-Nov-2019

What is depository system?



A depository is **an organisation which holds securities** (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered Depository Participant. It also provides services related to transactions in securities. 14-Mar-2011

What is depository process?



A depository holds all the securities in the electronic form. It can be regarded as a 'Bank' for securities. It **converts physical securities into book entry securities**, the process of which is called dematerialisation. In this process, certificates in physical form are eliminated altogether.

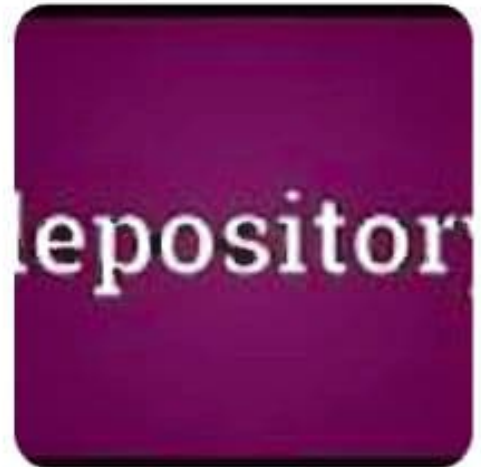
What are the four types of depository institutions?



**Types of Depository Institutions:
Savings Institutions, Commercial
Banks, Bank and Financial Holding
Companies.**

What are the features of depository system? ^

Main Features of “Depository System” are:



- Securities in Dematerialised Form:
Depository system provides for maintenance of ownership record of the securities of the investor in a book entry form.
...
- Fungibility: ...
- Parties Involved: ...
- Free Transferability of Shares: ...
- No Stamp Duty: ...
- No Risk:

What are the objectives of depository system?



The objective of a depository is to provide for the maintenance/transfer of ownership records of securities in an electronic form and scripless trading in the stock exchanges, thereby reducing settlement risks.

26-May-2002

What is the need for depository? 

The depository will **facilitate dematerialization of securities**. The investor has the option of holding securities in the physical form or in the depository form. He can choose not to opt for depository system by requesting issue of physical certificates. The depository will, thus provide for Rematerialisation.

18-May-2017

What are the roles of depository? 

A depository provides security and liquidity in the market, uses money deposited for safekeeping to lend to others, invests in other securities, and offers a funds transfer system. A depository must return the deposit in the same condition upon request.

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Facilitates Transfer Of Dividends & Other Benefits

Depositories maintain a complete record of ownership of securities in its accounts. It maintains a full record of securities in electronic form. This facilitates proper & fast disbursement of interests & dividends to the different investors. Several non-cash benefits like bonus, right shares are transferred to the investor account directly.

Eliminates Stamp Duty

Securities over the depository system are transferred online without the involvement of any paperwork.

Investors are not required to fill any physical form and affix stamp for transfer of their securities. Investors are relieved from paying stamp duty while transferring their shares.

Reduces Risk Of Loss & Damage Of Physical Certificates

Depositories store & safeguard the securities of its investors. It minimises all chances of theft & damages of share certificates.

Investors are not required to hold the certificates of their securities in physical form. All physical certificates are damaged and stored in digital form by depositories. This safeguards the investors & eliminates all chances of theft & damage of share certificates.

Reduces Brokerage Cost

Depositories reduce the overall brokerage cost required for trading of securities. Investors can avail different benefits when shares are traded in dematerialised form.

Brokers charge less amount for dematerialised shares as compared to trading of shares using physical documents. Shares when traded in dematerialised form reduce the cost of handling paper form thereby bringing down the overall trading cost.

Elimination Of Fraud Cases And Bad Deliveries

Depositories provide assurance to the investors regarding the securities genuineness. Investors are relieved of all cases like bad deliveries, fake or damaged certificates, transferor signature difference, and shares under litigation. Depositories maintain a complete record of all securities after complete verification. There is no involvement of any physical documents for the purpose of trading by investors. Everything is stored & conducted digitally online thereby reducing chances of different kind of frauds.

Role and Functions of Depository

Quick Transfer Of Securities & Funds

Depositories involve trading of securities online electronically using Demat account. Unlike, physical transfer of securities there is no involvement of physical transfer of certificates of securities. Everything is done on a paper-less basis fully digitally. This reduces the overall time involved in the whole process thus enabling the immediate transfer of ownership of securities. Beneficial owner on transfer of securities from one account to another immediately transfer the funds.

There are two types of depository services available that are: **NSDL (National Securities Depository Limited)** and **CDSL (Central Depository Services Limited)**. These both depositories are based in Mumbai. Investors in order to avail the services provided by depository need to contact the Depository agent. Depository agents are the intermediary between the depository and the investors.

Depositories interact with their customers through the medium of these depository agents only. Investors are required to open depository account which is known as demat account with any of Depository agent to use depository services. The functioning of both Depository and depository agent is regulated by SEBI (Securities Exchange Board of India).



Meaning of Depository

Depository simply refers to holding the securities in a dematerialised form online. It is an office, warehouse or building that does the work of storing the securities & safeguarding them. It facilitates the investor for conducting safe & paperless trading of securities as they don't need to hold securities in physical form.

Depositories keep fair & true record of ownership of all securities of different investors.

Depositories are institutions that hold investors' securities (likeshares, debentures, and mutual funds) in an electronic form in a Demat account. The role of the Depository is: **To offer Demat accounts to investors.** Hold, and maintain a record of securities in Demat accounts for investors.