How demat helps in Trading Process?

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Stock market is a place that provides services for buying or selling company shares and securities. Shares are traded on the stock exchange, not the share exchange. Stock market can not exist without stock broker and Investor. They look like two sides of the same coin, in case of stock market. Stock broker spend their time studying the market, reading company reports, communicating with company directors and investigating the market movements. Investor is a party who invest his money in different assets such as commodity, equity etc., with the objective of get profit.

Without Demat account, trading can not take place. The SEBI (Securities and Exchange Board of India) made it compulsory to open a demat account for trading in Indian Stock Market. So If you want to buy or sell shares in Indian stock market, you must have a demat account.

Meaning

A demat account or beneficiary account is opened by investor or broker with a DP (Depository participants) of their choice, to hold shares or securities in demat form or electronic form. It helps in avoiding problem typically related to physical share certificates. User have to open a demat account with a depository participants. Depository participant take care of your transaction and your account details. A broker can be a DP. The selection of DP is done by investor based on their services and charges. Investor approaches his DP into dematerialization. Dematerialization is the process of converting the shares and securities of physical form into electronic form. Demat account opening is similar to open a bank account and similar procedure is applied for opening demat account.

Open a demat account

For opening a demat account, Investor have to choose a DP and fill the demat account opening form. If you want to directly contact with broker or apply online then you have to sign paper agreement and submit following documents as mandatory by SEBI:

1. PAN Card: Permanent Account Number (PAN) is mandatory. The Securities and Exchange Board of India has made compulsory to submit PAN card document for demat account holders. In case of Joint account, this requirement applies to both of the joint holders.

2. Two Passport size photographs.

3. One Id proof that can be driving License, voting card etc.

4. Address proof such as ration card, Bank statement, Passport etc.

A demat account can be opened with zero shares and charges of opening a demat account depend on the DP. Demat account is handled by depository participant not by investor.

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Aware of the a demat account opening requirements? Increase your knowledge about the procedure of a demat account opening, documents required, etc.

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