



Many people nowadays are looking for various investment avenues like e-gold, bonds, shares, real estate and so on. The very step to venture into the capital market and start investing is to know what a Demat account is, along with the best ways to open a Demat account. This is essential for any trader or investor, and the Securities and Exchange Board of India (SEBI) has made it mandatory for those who wish to invest in capital markets to have a Demat account. Most people prefer to open a Demat account online as it facilitates smooth and seamless transactions, but you can open one with a DP (depository participant) offline too. A DP is basically an entity like a bank or brokerage that has the right to open Demat accounts on an individual's behalf. For online account opening visit our site [www.peear.in](http://www.peear.in) For offline account opening visit our head office at AG 5 Shalimar Bagh, Delhi 110088

## **What is a Demat account?**

A Demat account is a medium by which an individual can convert and also retain the physical shares in their electronic format. Just the way we need a bank account for our online transactions, and to store our money, a Demat account is necessary when you have to trade or hold/store stocks, securities or other capital market-related investments. One can use the Demat account for offline and online buying and selling of shares. Just like our bank account, the Demat account holds all the certificates electronically, of the financial instruments and one cannot trade in the stock markets without opening a Demat account.

## **How Does A Demat Account Work?**

Before we learn how to open a Demat account online, let us start by understanding how a Demat account actually works. The Demat account opening process is a big part of how a Demat account works, as there are many aspects of a Demat account to consider while you open a Demat account.

The depositories in India, CDSL, and NSDL hold all the Demat accounts and all the shareholding details of the individual accounts. These are the two central depositories

in India. DPs are depository participants who can open Demat accounts on behalf of clients and are authorized by these central depositories to do so.

Every Demat account has a unique identification number that needs to be provided for the transactions.

The access to CDSL and NSDL is provided by the DPs or the depository participants. These can be the brokers or the banks who act as a bridge between the investor and the central depository. Pee Aar Securities Limited is one such depository participant with whom one can open a Demat account online.

The Demat account that is opened by the investor holds the securities, and one can check the details of their holding from their portfolio. The portfolio of the investor gets updated automatically when a transaction happens.

## **How To Open a Demat Account Online?**

To open a Demat account online, the individual needs to approach the DP and fill up the form for account opening. The list of valid DPs is available online on the official websites of CDSL and NSDL.

Once the Demat account opening form is duly filled, one needs to enclose the photocopies of the needed documents like the proof of identity and the proof of address. After which, an agreement has to be signed with the DP which has all the details about the duties of the trader as well as the DP. A copy of the agreement is given to the account holder along with the details of charges. These documents are to be preserved as they can be needed for future references.

The Demat account is then opened by the DP, and the account holder is given the unique Demat account number. This number is also called the BO ID or the beneficial owner identification number. All your investments are credited to the Demat account. In case you sell the securities, the Demat account is debited.

Investors can also open an online trading account using the eKYC process, which takes less than five minutes of their time. All one needs to do is to fill up the application form online and upload the needed documents online. Once the process is complete, investors can start trading in no time.

## **Specific Steps to Open a Demat Account**

Although the general way in which to open a Demat account has been explained above, you should know that you can follow a specific set of steps to open a Demat account online or offline. This will give you more clarity on what steps you must follow while you go through the Demat account opening process. The process detailed in the last section may be undertaken physically at a bank or brokerage firm. However, if you want to go through the steps online (as most people do), you can do the following:

1. Select a DP (a bank or a brokerage that has the facility to open a Demat account with a linked trading and bank account).
2. On the website of the bank or brokerage you choose, you will see a tab that says “sign up now”.
3. Click on that tab and fill out a form with your information. You will be required to enter the details of your PAN and Aadhaar cards.
4. There will be a section to enter your bank account information, and you need to do this.
5. Upload all required documents, like your PAN and Aadhaar cards, photograph, etc.
6. Submit what is requested.
7. Give your e-signature.
8. In-person verification may be asked for.
9. Your Demat account will be opened shortly.

## **The Documents Needed To Open a Demat Account**

The below are the documents that are needed to open a Demat account.

- Application form duly filled along with the KYC application form.
- A photo of the applicant, which has to be signed across and pasted on the application form.
- Photocopy of the applicant's PAN Card.
- Applicant's proof of Identity (Can be any from Aadhar card, Voter ID, Passport and Driving License)
- Applicant's Proof of Address (Can be any from Aadhar card, Voter ID, Passport and Driving License)

### **The Charges Associated with Demat Account**

Apart from knowing what a Demat account is and how to open it, one also needs to know the Demat account charges that can be incurred. Listed below are a few of them.

**The Account Opening Fee:** This is a one time charge that can be levied during the time of account opening. A number of brokers now offer zero account opening to their customers.

**Maintenance Fee:** This is a fee that is charged annually and the charge levied varies from broker to broker.

**The Brokerage Charges:** These are the charges that are incurred when the investor buys or sells the shares.

Now that you are aware about what a Demat account is and how one can open a Demat account, it is time to go right ahead and fill up the application. Happy Trading!