

The Know-How of Converting Physical Share Certificates in Demat Form

The present e-generation prefers maintaining everything online. You have online shopping, online schooling, online payment of receipts and bills, online transfer of money, etc. The whole world is going digital. This is the exact concept of converting your physical shares into their Demat form. You can avoid the risk of losing share certificates or duplication when you convert physical copies of share certificates into their Demat format.

We are now going to have a look at Demat opening procedure in a detailed manner:

First and the foremost step

You have to open a Demat account with the Depository Participant, shortly abbreviated as a DP. The DP is usually a share broker who acts as an intermediary between you and the bank. As you are the beneficiary of the Demat account, you will have to get the account opening form duly filled. You will have to fill in your bank account details clearly and legibly. Bank details include your bank account number, IFSC code, name of the bank and branch, Address of the branch, etc. Now you have clearly signed up a deal with the DP.



How to transfer your share certificates into Demat format?

This is the second most important step in operating your Demat account. You will have to convert your physical share certificates into electronic format. How do you think you would do that? The process here is quite simple. You will have to fill in a DRF form. DRF stands for Dematerialization Requisition Form. Once the applicant submits the DRF form, your share certificates will physically be verified by the concerned authorities. Upon verification, the DRF team converts all your physical share certificates into their electronic form. It takes approximately 2-3 weeks for the DRF team to convert all your physical shares into the Demat form or electronic form.

What happens next?

Once all your physical share certificates are converted into their respective electronic form, the Depository Participant or the DP will provide you with periodic statements. These statements pertain to your holdings. The DP will also intimate you on the clients' account status especially after you are done with a particular transaction. You can buy shares and sell them the very same day, during the market hours. The process of buying shares and selling them the very same day is also known as day trading or intraday trading. For you to be a successful intraday trader, you essentially need to have an operative Demat account.

In order to be successful with day trading, you can sign up with a free online Demat and trading account company. You can learn how to operate on a dummy platform before you start investing real-time money.

Disadvantages of having physical share certificates

1. Receiving your original share certificate from the respective company is a very time-consuming process
2. Sometimes, you may receive your share certificates that are soiled or in a shabby condition.
3. It involves a delay in processing transactions when you operate shares in their physical format
4. Sometimes, you get two share certificates of the same denomination.

While with a Demat account you can avoid:

1. Duplication or dislodgement of share certificates
2. The process of transferring shares from the DP into your account takes place in a matter of seconds. Hence, you can clearly avoid the time-lag involved in dealing with physical shares.
3. Furthermore, you hardly have agents or brokers who deal with physical shares. Most of them operate through Demat accounts.

In a nutshell, this is the entire process of converting your physical shares into the Demat form:

1. You open an account with the DP.
2. You surrender all your physical certificates to the Depository participant or the DP.
3. DP intimates to the depository regarding the request.
4. Now the DP will submit all your certificates to the registrar of the issuing company
5. The Registrar will confirm your dematerialization request from the DP.
6. After dematerializing all your certificates, the registrar intimates to the DP. The Registrar of Companies will update the info in its books of accounts.
7. The depository also updates its accounts and in turn inform the DP.
8. The DP finally updates the Demat account of the investor.

