

Demat & Trading Account For Minor

1. Can a Demat account be opened for a minor?

Yes. Demat account can be opened in the name of a minor. The account will be operated by a guardian till the minor becomes major. Guardian has to be the father or in his absence mother. In absence of both, father or mother, the guardian can be appointed by court.

2. Can minor be a joint holder in another demat account?

No. Minor cannot be a joint holder in a demat account.

3. Can a trading account be opened in the name of a minor?

Trading account can be opened in the name of the minor only for the sole purpose of sale of securities which minor has possessed by way of investment in IPO, Inheritance, corporate action, off market transfers under the following reason :

- Gift / Donation
- Transfer between family members
- Implementation of Government / Regulatory Directions or Orders

However, such an account will be operated by the natural guardian till the minor becomes a major.

4. Can buying and selling of securities be done in minor's trading account?

A minor cannot enter into a contract with a stock broker to purchase or sell any security. However, a trading account in the name of a minor can be opened only for the sole purpose of selling of securities possessed by the minor in the manner specified above.

5. Whether the natural guardian and the minor are required to comply with know your client (KYC) norms at the time of opening demat/ trading account for the minor?

Yes. The guardian and the minor have to strictly comply with the applicable KYC norms.

6. Can a minor's demat/ trading account be continued when he/she becomes major?

Yes. A minor's demat/ trading account can be continued when the minor becomes major. However, on attaining majority, the erstwhile minor should confirm the balance in his/her account and he/she has to complete formalities as are required for opening a demat/ trading account to continue in the same account/s.