



FINWIZARD TECHNOLOGY PRIVATE LIMITED

FISDOM – STANDARD OPERATING PROCEDURE (SOP)

For Operation of Demat Accounts in Case of an Incapacitated Investor

(Applicable to FISDOM in its role as a Depository Participant)

1. Background

SEBI, through circulars dated **January 10, 2025** and **February 28, 2025**, mandated a uniform industry-wide framework for managing demat accounts where investors become **physically incapacitated** but continue to remain **competent to contract**.

As a **Registered Depository Participant (DP)**, **FISDOM** is required to fully implement this SOP for demat account operations.

This SOP may evolve based on changes in SEBI/Depository regulations. Users must refer to the **latest applicable guidelines**.

A. OPERATIONAL GUIDELINES FOR PHYSICALLY INCAPACITATED INVESTORS (COMPETENT TO CONTRACT)

1. Allowing an Empowered Nominee to Operate Investor's Demat Account

FISDOM must provide investors (single or joint holders) the facility to:

a) **Authorise one registered nominee** (non-minor) to operate the demat account if the investor becomes physically incapacitated.

b) **Specify a transaction limit** (absolute amount or percentage) up to which the empowered nominee may:

- sell securities,
- transfer securities (market or off-market),
- submit other permissible delivery instructions.

c) **Change the empowered nominee any number of times**, without restriction.

Joint Accounts

The facility applies only if:

- all joint holders are simultaneously incapacitated, **and**

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CIN No. U74900KA2015PTC080747;

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- nominee(s) are registered in the account.
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2. Definition of Incapacitation

Covered:

- Physical inability to sign while retaining capacity to contract (as per Section 11, Indian Contract Act, 1872).

Not covered under this SOP (handled through legal heirship/guardianship):

- coma,
- unconsciousness,
- ventilator support,
- mental incapacity or unsound mind.

Such cases must follow legal processes and cannot be executed through FISDOM under this SOP.

3. Procedure After Investor Becomes Incapacitated

a) Submission of Intimation

A written request (Annexure B) must be submitted to **FISDOM** by:

- the empowered nominee, or
- any other person,

stating:

- reason for incapacitation,
- approximate duration,
- medical certificate details.

b) In case nominee is not registered

Investor must:

1. Register nominee in presence of **FISDOM DP staff**, and
2. Then designate that nominee as empowered nominee.

c) Medical Certificate

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A certificate from a qualified doctor must clearly state:

- reason for inability to sign,
- date from which the incapacity began.

This is mandatory for FISDOM to initiate the incapacitation process.

d) Mandatory In-Person Verification by FISDOM Officer

A designated **FISDOM DP officer** must visit the investor for verification of:

- physical incapacitation,
- capacity to contract,
- ability to communicate,
- awareness and understanding of empowering the nominee.

e) Validation of Capacity to Contract

FISDOM must ensure investor is:

- conscious,
- able to respond,
- capable of understanding the implications of authorising the nominee.

f) Additional Checks by FISDOM Officer

Officer must examine whether the investor can:

- place a thumb impression,
- place a toe impression, or
- affix a mark (if unable to sign).

g) Obtaining Thumb/Toe Impression

To be taken:

- by the FISDOM officer,
- in presence of an independent witness (not related to investor or FISDOM).

h) Officer's Certification

Officer must record:

- name,

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- signature,
- remark:
“Thumb/Toe impression/Mark affixed in my presence.”

i) Verification of Nominee's POI

FISDOM must verify the nominee's POI details already present in the demat account.

No mismatch is allowed.

j) System Update by FISDOM

FISDOM will:

- activate the **incapacitation flag**,
- activate the empowered nominee flag,
- notify the investor and nominee.

k) Notification to Other Intermediaries

The empowered nominee must inform:

- broker(s),
- any other DP holding linked accounts,
if executing transactions through them.

l) Processing Delivery/Transaction Instructions

FISDOM will process nominee instructions only if:

- signature matches records, **or**
- thumb/mark matches updated records.

If mismatch → **reject with specific reason**.

m) Nominee Eligibility

- Only a registered nominee may be empowered.
- Legal heirs/third parties cannot operate unless **court-appointed**.
- If investor loses capacity to contract → process must shift to **transmission/legal heir route**.

n) KYC Requirement

Empowered nominee must be **KYC-compliant** as per CKYC/KRA norms.

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o) Updating Nominee's Contact Details

FISDOM shall upload the nominee's:

- mobile number, and
- email ID
to KRA records.

Employee/distributor contacts strictly prohibited.

4. DP-Specific Operational Guidelines

a) Adherence to Investor-Set Limits

FISDOM must strictly enforce investor-specified:

- percentage limits, or
- absolute value limits.

b) Mandatory 48-Hour Cooling Off

After FISDOM updates the incapacitation flag:

- No transaction may be executed for **48 hours**.

Post cooling period → transactions can be executed within limit.

If limit is a percentage, FISDOM must convert it to an **absolute rupee value** based on portfolio valuation on the update date.

c) Partial Limit Execution

If nominee instruction exceeds available limit → FISDOM processes only up to current available limit.

d) Settlement Value Variation

For market trades, FISDOM may accept settlement deviations of **±5%** from the available limit.

e) Applicable for All Types of Demat Transfers

Limit applies to:

- market transfers,
- off-market transfers,



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- POA/DDPI instructions,
- online transfers initiated via broker platforms linked to FISDOM.

f) Pledge Transactions

Not permitted:

- pledge creation
- margin pledge
- re-pledge

g) Credit Transactions Allowed

FISDOM will allow credits such as:

- receipt of securities from corporate actions,
- bonus/rights shares,
- IPO allotments,
- off-market receipts.

h) No Service Requests Allowed by Nominee

Nominee cannot request:

- change of address,
- change of mobile/email,
- change of bank details,
- any non-financial modifications.

i) Online Access

Initially:

- Nominee may use investor's login credentials for transaction initiation via broker platforms.

After system upgrade:

- Nominee will operate through **their own login**, mapped to nominee's mobile/email.
Access terminated once investor recovers.

j) Recovery From Incapacitation

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Same in-person verification must be conducted by FISDOM.

Post recovery:

- remove incapacitation flag,
- remove nominee signature/mark,
- reinstate investor's signature and full rights.

Future change requests will undergo **enhanced due diligence**.

B. FISDOM – DOORSTEP SUPPORT SERVICES (DP-Specific)

FISDOM may provide doorstep facilities for:

- senior citizens,
- sick investors,
- specially-abled investors.

Services may include:

- collection of delivery instruction slips (DIS),
- service forms,
- nominee/empowered nominee documentation.

Eligibility:

- senior citizens based on DOB in FISDOM records,
- others based on supporting documents.

Disclaimer

This SOP ensures compliance with SEBI and Depository requirements.

However, FISDOM must fully comply with all applicable:

- Acts,
- Rules,
- Regulations,
- SEBI circulars,
even if not explicitly mentioned here.

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Annexure B

Letter for intimating Incapacitation of the investor and relevant authorization

Date:

To: Finwizard Technology Pvt Ltd

Location/ City Name: _____

Sub: Intimation about Incapacitation of the investor and Authorization letter

PAN of the Incapacitated investor										
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For Office Use only to be filled only by Regulated Entity employee

I, _____ Emp No. _____, Finwizard Technology Pvt Ltd (FISDOM) visited the above address/hospital and met the incapacitated investor and noted the incapacitation and obtain the following:

Date of Visit	Thumb Impression*	Toe Impression	Marks noted

*Signature of Witness:

Name of the Witness:

Address of the Witness:

Signature of the FISDOM employee: _