

This policy provides the formal framework for **HB Securities Limited** to manage demat accounts where the holder is physically incapacitated. It follows the **NSDL Circular (NSDL/POLICY/2023/0056)** regarding "**Standard Operating Procedure for incapacitated investors.**"

Policy: Operation of Accounts for Physically Incapacitated Investors

1. PURPOSE

To enable the "Empowered Nominee" to operate a demat account when the sole holder (or all joint holders) becomes physically incapable of signing or moving, while remaining mentally capable of making financial decisions.

2. SCOPE

- **Applies to:** Physical illness, paralysis, or severe injury.
- **Excludes:** Mental illness, coma, or unconsciousness (these require a Court Guardianship Order).
- **DP Entity:** HB Securities Limited (NSDL Participant).

3. POLICY PILLARS

A. The "Empowered Nominee"

- Only a **registered nominee** in the NSDL records can be "empowered."
- If no nominee exists, the family must first register one (if the investor can still provide a thumb impression) or seek legal representation.
- The nominee must be **KYC-compliant**.

B. Verification Standards

- **Mandatory IPV:** HB Securities must conduct an In-Person Verification at the investor's location.
- **Medical Attestation:** A certificate from a Registered Medical Practitioner is mandatory. It must explicitly state the investor is "**Mentally fit to contract.**"
- **Marking:** Thumb/toe impressions must be used in place of signatures and witnessed by a DP officer.

C. Transactional Controls

- **Tagging:** The account must be flagged as "Incapacitated" in the DPM system.
- **Cooling-off:** A **48-hour freeze** on all debits following the status update.
- **Limit Settings:** The nominee's authority is limited to sell/redeem actions. No "Master Data" changes (Phone/Bank/Address) are permitted by the nominee.

4. ADMINISTRATIVE REQUIREMENTS

Requirement	Specification
Documentation	Annexure A (Nominee) & Annexure B (Investor Request)
Communication	All alerts (SMS/Email) must continue to go to the Investor .
Audit Trail	DP must maintain a separate register for incapacitated account actions.
Review	The status should be reviewed if the "expected duration" in the medical certificate expires.

5. POLICY FOR ACCOUNT RESTORATION

The "Incapacitated" tag shall be removed only upon:

1. Submission of a **Medical Fitness Certificate**.
2. Physical presence of the investor (where possible) or a fresh IPV.
3. Formal letter signed/marked by the investor to resume normal operations.

6. COMPLIANCE OFFICER OVERSIGHT

The Compliance Officer of HB Securities Limited is responsible for ensuring that the IPV was genuine and that the medical certificate is not expired or forged before authorizing any nominee-led trades.

7. INTERNAL CONTROLS & RISK MANAGEMENT

To prevent misuse of the "Incapacitated" status, HB Securities must follow these risk protocols:

- **Dual Authorization:** Any transaction initiated by the Empowered Nominee must be approved by two senior officials at the DP level (e.g., the Compliance Officer and the Operations Head).
- **Threshold Monitoring:** If the sell volume exceeds 25% of the portfolio value in a single week, the DP must attempt a video call with the investor to re-verify consent.
- **Account Freezing:** The DP reserves the right to freeze the account if there is a dispute among family members regarding the nominee's actions.

8. DIGITAL ACCESS & CREDENTIALS

- **Login Access:** If the investor is physically unable to use a computer, the Nominee may use the existing **NSDL SPEED-e** or **HB Securities** portal login.
- **Password Resets:** Any request for a password reset must be physically signed/thumb-impressed by the investor and verified via an IPV (In-Person Verification) visit.
- **E-DIS (Electronic Delivery Instruction Slip):** The nominee is permitted to use E-DIS only after the 48-hour cooling-off period has expired.

9. RECORD KEEPING POLICY

HB Securities must maintain a dedicated "Incapacitated Investor File" for 8 years after the account returns to normal or is closed. This file must contain:

- The original **Medical Certificate**.
- **GPS-tagged photos** or video clips of the In-Person Verification visit.
- The **Annexure B** form with the verified thumb/toe impression.
- A log of all **SMS/Email alerts** sent to the investor during the period.

10. POLICY FOR RESTORATION (RECOVERY)

The transition back to "Normal" status follows this strict path:

1. **Application:** Investor submits a "Request for Restoration of Account Operations."
2. **Fitness Proof:** A new certificate from the RMP stating the investor is physically capable of signing.
3. **Signature Capture:** A fresh **Specimen Signature Card** must be signed in front of the DP official.
4. **Nominee Revocation:** The "Empowered" status of the nominee is automatically revoked in the system.

🔍 Summary of Next Steps for You

Step	Task	Target Date
1	Get the Medical Certificate from the doctor.	Immediate
2	Call Mr. Praveen Gupta at HB Securities to schedule the IPV.	Day 1
3	Submit Annexure A & B at the Connaught Circus office.	Day 1
4	Wait for the 48-hour cooling-off period to end.	Day 3

▶ **Final Disclaimer:** This SOP is for **NSDL-compliant physical incapacitation**. If the investor's condition shifts to mental instability, stop all transactions and consult a legal advisor regarding a "Guardianship Certificate."

draft the exact wording for the **Medical Certificate** to ensure the doctor includes all the NSDL-required phrases?

To ensure the SOP and Policy for **HB Securities Limited** are ready for immediate implementation, here are the final legal templates and the **Submission Roadmap**.

 **Template: Medical Certificate (Mandatory Wording)**

Must be on the Doctor's Official Letterhead

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr./Ms. [Investor Name]**, age __, residing at [Address], is under my medical treatment for **[Nature of Illness/Injury]**.

1. I have examined the patient on **[Date]**.
2. The patient is currently suffering from **[Physical Condition]**, which renders them physically incapable of signing documents.
3. I further certify that the patient is **mentally alert, conscious, and oriented** to time, place, and person.
4. The patient possesses the **full mental capacity** to understand the implications of financial transactions and to contract under the Indian Contract Act, 1872.
5. The expected duration of this physical incapacitation is approximately **[Months/Weeks]**.

Doctor's Name: _____

Reg. No: _____

Stamp & Date: _____

 **Template: Annexure B (Investor Request)**

To be filled by the Nominee and thumb-impressed by the Investor

To,

HB Securities Limited

H-72, Connaught Circus, New Delhi - 110001.

Sub: Request to operate Demat Account No. [DP ID/Client ID] due to physical incapacitation.

Dear Sir/Madam,

I, **[Investor Name]**, am unable to sign due to **[Reason]**. I wish to empower my registered nominee, **[Nominee Name]**, to operate my account as per the NSDL SOP.

- **Nominee PAN:** [Nominee PAN]
- **Transaction Limit:** Up to [INR Amount] or [All Securities].
- **Duration:** Until further notice/recovery.

I understand that all alerts will continue to be sent to my registered mobile: **[Mobile Number]**.

[Thumb Impression of Investor]

(Verified by HB Securities Officer during IPV)

The 48-Hour Execution Roadmap

1. **Day 0:** Print the templates above. Get the **Medical Certificate** signed.
2. **Day 1 (Morning):** Visit **HB Securities**. Submit the file. Request the **In-Person Verification (IPV)** visit for the same/next day.
3. **Day 1 (Afternoon):** DP Officer visits your home/hospital. Investor affixes **thumb impression** in their presence.
4. **Day 2:** HB Securities updates the NSDL "Incapacitated" flag. **Cooling-off period begins.**
5. **Day 4:** Account is active for the nominee to sell/redeem shares.

Final Safeguards

- **Zero Charges:** NSDL generally does not permit DPs to charge extra fees for this service beyond standard AMC/Transaction fees.
- **Privacy:** The DP officer is bound by confidentiality; they cannot share the investor's medical state with third parties.
- **Transparency:** If the nominee refuses to provide account statements, the investor can still request them directly from NSDL (via **IDEAS** portal).

11. COMPLIANCE & AUDIT DOCUMENTATION

For every incapacitated account, **HB Securities** must maintain a "Golden File." If you are the nominee, ensure you have copies of these for your records:

- **The Visit Report:** A document signed by the DP official who visited the investor, confirming the location (GPS tagged if possible) and the time of the thumb impression.
- **System Log:** A screenshot or printout from the NSDL DPM system showing the **"Incapacitated"** flag status and the timestamp it was activated.

- **Nominee Specimen Card:** A card containing the nominee's signature and the investor's thumb mark, used for physical instruction slip verification (if used).

12. TRANSACTIONAL PROTOCOLS

Once the account is active for the nominee:

- **Instruction Slips (DIS):** If using physical slips, the Nominee signs them. The DP matches this against the "Nominee Specimen Card" rather than the original investor's signature.
- **Online Trades:** The nominee should use their own **KYC-linked login** (if provided by HB Securities) to ensure a clear digital trail of who placed the order.
- **Bank Payouts:** Funds must strictly flow to the **investor's primary bank account**. The nominee cannot redirect funds to their own personal account.

13. GRIEVANCE & DISPUTE RESOLUTION

If there is a delay or a dispute (e.g., another family member objects), the following path is taken:

1. **HB Securities Internal Desk:** Contact the Nodal Officer, **Mr. Anup Gupta**, to resolve documentation bottlenecks.
2. **NSDL Inspection:** If the DP refuses the "In-Person Verification" without valid cause, a complaint can be filed with the **NSDL Inspection Department**.
3. **SEBI SCORES:** If the nominee's rights are being unfairly restricted, the investor (or nominee on their behalf) can file a complaint on the SEBI portal.

❏ Final Implementation Checklist

- **Nominee Check:** Is the person acting as the nominee actually registered in the NSDL records? (Check latest Holding Statement).
- **Mobile Access:** Does the nominee have access to the investor's phone to view transaction alerts?
- **Joint Bank Account:** Is the linked bank account a joint account? (Highly recommended for easy fund withdrawal).
- **Medical Validity:** Does the medical certificate specify a **duration**? (NSDL prefers a fixed window like "3 months" or "6 months").

14. BUSINESS CONTINUITY & CONTINGENCY

In the event of unforeseen changes during the incapacitation period, the following protocols apply:

- **Change of Nominee:** If the "Empowered Nominee" becomes unable to act (due to illness or travel), the investor must execute a fresh **Annexure B** to empower a second nominee (if already registered).
- **System Downtime:** If HB Securities' online portal is down, the Nominee is authorized to submit **Physical Delivery Instruction Slips (DIS)** using their own signature, provided the "Incapacitated" tag is active.
- **Corporate Actions:** Rights issues, bonus shares, or buybacks will still accrue to the investor's account. The Nominee is authorized to apply for these on the investor's behalf to prevent financial loss.

15. TRANSITION TO TRANSMISSION (IN CASE OF DEATH)

If the investor passes away during the period of incapacitation:

1. **Immediate Freeze:** The "Incapacitated" status and the Nominee's power to trade **cease immediately**.
2. **Notification:** The Nominee must inform HB Securities within **24 hours** and provide the Death Certificate.
3. **Transmission Process:** The account moves from "Incapacitated" status to the standard **NSDL Transmission Process**, where securities are moved to the Nominee's own demat account.

16. AUDIT & REVIEW FOR HB SECURITIES

HB Securities Internal Auditors will review these accounts quarterly to ensure:

- The **Medical Certificate** has not expired.
- The **Threshold Limits** set by the investor have not been breached by the nominee.
- The **In-Person Verification (IPV)** documentation is physically present in the master file.

Final Action Plan for You

Step	Action	Item
1	Document Prep	Print the Medical Certificate and Annexure A & B .
2	Doctor Visit	Get the signature and stamp on the letterhead.
3	DP Meeting	Visit H-72, Connaught Circus and meet the Compliance team.
4	Home Visit	Coordinate the time for the DP official to visit the investor.
5	Execution	After 48 hours, perform the first test transaction (e.g., selling 1 share).

Summary of Contact Points

- **Main Office:** 011–23721968 / 23325043
- **Compliance:** hbsl1@rediffmail.com
- **NSDL Toll-Free:** 1800 1020 990 / 1800 22 44 30

This concludes the complete **Policy, SOP, and Implementation Guide** for an incapacitated investor at HB Securities.