

BHARAT SCHOOL OF BANKING

Demat Account

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Earlier, **shares** and **securities** were issued to investors in **physical form** (like certificates etc.). **Physical possession** of certificates had several **risks** - like fear of theft, management problem for individuals who used to invest in several shares or securities at several times, or wear and tear of those certificates (If you lose any **certificate**, you lose your valuable **investment** return!)

Then **dematerialized account** (in short **Demat account**) was invented to reduce those risks. In this account, all type of **shares** and **securities** are being stored in **dematerialized / digital form** (meaning material form is converted to digital form).

Operating a **Demat account** is as simple as operating an **online bank account**. After opening a Demat account, you will be quoted a **demat account number**. You will use this **account number** to all type of **electronic settlements of trade** in **shares** or other **securities**.

Demat Conversion –Rematerialization

Converting **physical records** of **investments** into **digital** form is known as "**dematerialization**" of **securities**. The reverse is also possible if someone wants to use **physical records** instead of **demat account**, and the process is known as "**rematerialization**".

In that case, one has to fill in a **Remat Request Form (RRF)** to convert the **digital certificates** into equivalent **physical certificates**.