

**INDIAN FINANCIAL SYSTEM**  
**M.COM SEMESTER II**

**CUSTODIAN**

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# **CUSTODIANS /CUSTODIAL SERVICES**

# MEANING OF CUSTODIAN

- ✍ It is one of the financial services in which a brokerage or other financial institution holds and manages a client's securities or other assets on their behalf.
- ✍ A custodian provides an investor a place to store assets with little risk. This reduces the risk of the client losing their assets or having them stolen. They are also available to sell through the brokerage at the client's demand.
- ✍ The custody business provides a range of security services, like safekeeping and settlement, dividends collection and distribution, proxy voting, tax reclaim services, fund administration and providing market news

# Stock Holding Corporation of India Limited

- SHCIL is India's largest custodian and depository participant, based in [Mumbai, Maharashtra](#).
- SHCIL was established in 1986 as a [Public Limited Company](#) and is a subsidiary of [IFCI](#).
- SHCIL is known for its online trading portal, with investors and traders. It is also responsible for [e-stamping](#) system around India.
- It is also authorised by Reserve Bank of India as Agency Bank to distribute and receive Govt. of India savings/relief bond 2003 along with nationalized banks.
  
- The Stock Holding Corporation is mainly split into two separate entities under the SHCIL umbrella:
  - **SHCIL Services Ltd** (stock brokering services)
  - **StockHolding Document Management Services Limited** (provides end-to-end document storage and digitization services)

# SSL and StockHolding DMS

- SHCIL Services Ltd (SSL) is a SEBI registered Corporate Stock Broker providing safe and reliable services to all institutional and retail clients across length and breadth of the country. SSL offers services in both Cash and F&O segment of BSE & NSE and Currency Derivatives segment of NSE. SSL started broking operations in July 2006.
- StockHolding Document Management Services Limited (StockHolding DMS) is a wholly owned subsidiary of Stock Holding Corporation of India Limited (StockHolding), which is a single window provider to the financial services sector in India.
- StockHolding DMS has been incorporated in the year 2006 with the objectives:
  - To provide End to End Document Management Solutions.
  - To provide Information Technology Enabled Services (ITeS).

# PERSONAL, CORPORATE AND CUSTODIAL SERVICES

## **Personal services:**

- Demat Account
- Insurance
- Mutual Funds
- NPS (Retirement)
- GOI Bonds (Government of India)
- IPOs
- Stock Holding

## **GoldRush**

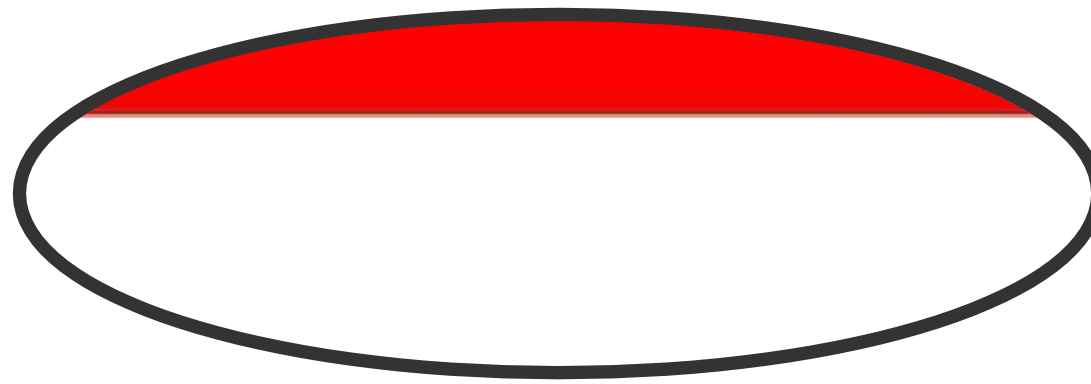
- A platform that allows users to buy gold online and is one of the only two ways to do so in India.

## **Corporate services**

- Demat services for business
- CSGL services (government bonds)
- Trading accounts
- NPS accounts
- Bullion (gold and silver)

**Custodial services** include any safekeeping, administration, transaction and further activities done on behalf of a company by its custodian, and include:

- Fund accounting
- FDI (Foreign Direct Investment)
- Company Valuation
- Vaults
- Customized Reporting
- Electronic and Physical Safekeeping Services
- Clearing and Settlement Services



<b>Name of the Company</b>	<b>Kotak Mahindra Finance Limited</b>
<b>Year of Establishment</b>	<b>1985</b>
<b>Headquarters</b>	<b>Mumbai, India</b>
<b>CEO</b>	<b>Mr. Uday Kotak</b>
<b>Industry</b>	<b>Financial Service</b>
<b>Sector</b>	<b>Public</b>



**kotak**

Kotak Mahindra Bank



Kotak Group, a premier financial services provider and one of the leading private sector banks in India, proudly launches Custody Services as part of its diversified services portfolio in capital markets industry. A dedicated team of experienced professionals and emphasis on the latest state of the technologies have made Kotak Group being at the forefront of financial products and services in Indian capital markets for overseas and domestic investors.

Custody Services division at Kotak Mahindra Bank Ltd., (KMBL) is committed to delivering top of the securities services to institutional investors, both foreign and domestic, that would be investing in the Indian capital markets across debt and equity instruments, derivatives, Depository Receipts and mutual fund units.

### **Key Features**

Custody and Settlement Services

Depository Receipts

Escrow Accounts

Foreign Direct Investment

Internet Interface for Clients

# CUSTODIAN SERVICES PROVIDED BY KMBL

- 1. Account Opening:** Kotak Mahindra Bank would assist clients for the custody account opening documentation requirements and facilitate clients during the SEBI registration process.
- 2. Securities Safekeeping:** Provides safekeeping services for securities held - both in electronic as well as physical forms
- 3. Corporate Actions:** KMBL custody tracks for corporate actions processing on behalf of its clients. This involves application made to issuers on behalf of clients, income collection and following-up for corporate action events like dividend, interest, redemption, bonus, rights, etc.

**4. Foreign Exchange Services:** KMBL has a dedicated foreign exchange desk that takes care of client needs for currency conversions and risk management products.

**5. Proxy Services:** KMBL would act on client instructions and participate and vote on their behalf in shareholders' meetings of companies.

**6. Compliance Monitoring and Regulatory Reporting:** KMBL would monitor compliance to existing guidelines by investors and facilitate reporting to regulators and local authorities on behalf of the client.

**7. Transaction Settlement:** As a Clearing Member with the clearing houses of leading Indian Stock Exchanges (NSE & BSE), KMBL

**8. Standardized and Customized Reporting:** Investors need meaningful information that offers insight to their investment portfolios. It also provides customized reports to clients at various frequencies to enable clients to efficiently manage their securities portfolio, cash balances and take more informed investment decisions.

# CUSTODIANS IN INDIA

- – ICICI bank
  - SBI (State bank of India)
  - HDFC Bank
  - Standard Chartered Bank
  - Stock Holding Corporation of India Limited
  - IL&FS Securities Services Ltd.
  - Axis Bank Limited
  - BNP Paribas, CitiBank NA etc..
- 19 Custodians registered with SEBI

# Difference between Custodian and Depository

- Custody is a function of depository and so each depository is a custodian, but custodian is not a depository.
  - \* Custodian = custody only
  - \* Depository = custody (frequent delegation) + control and legal ownership of securities
- So, basically the main difference is that the legal ownership of assets lie with Depository and not with custodian.

THANK YOU