

KYC (Know Your Customer) is the process mandated by SEBI for all customers to open an account with us.

This process is necessary to validate the authenticity of the customer. In this article, we aim to help you with the general process of KYC, so that you can have a seamless experience.

Key Takeaways

- Opening a Demat account requires KYC. It is a mandatory regulatory process that verifies your identity before account opening.
- KYC requires basic documents such as PAN, Aadhaar, bank details, and a live selfie for identity validation.
- Aadhaar authentication, signature capture, and personal information input are the primary phases in KYC completion.
- Completing KYC provides easy investment access and rapid approvals for stock, mutual funds, and other segments of the market.

What is KYC for a Demat Account?

KYC for demat account is the regulatory procedure that verifies an investor's identification before creating a demat account. It verifies that the applicant fulfils SEBI's requirements and has given accurate identification and address information.

The KYC for demat account procedure normally includes entering PAN, Aadhaar, and banking information, as well as personal details. Every investor must complete the KYC procedure because no demat account can be opened without this verification. The process ensures that only authenticated individuals are allowed to hold and operate a demat account.

What is The Role of KYC?

KYC plays a crucial role in authenticating an investor's identity, avoiding fraud, and ensuring transparency in financial transactions. KYC is established by the Securities Exchange Board of India (SEBI), which works in concert with CERSAI (Central Registry of Securitisation Asset Reconstruction and Security Interest of India) on the document information.

KYC allows for transparency in the financial system, which allows the Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority of India (IRDAI), and the [Pension Fund Regulatory and Development Authority \(PFRDA\)](#) to facilitate proper regulation.

KYC is now digital, so you don't need physical verification. You can also do a KYC status check online to see if your details are verified before investing.

Why is KYC Important for Opening a Demat Account?

KYC is mandatory when opening a demat account since it verifies the investor's identification and ensures that the application is authentic. SEBI requires KYC from all demat account holders to preserve transparency and prevent illegal access to capital market services.

During onboarding, the investor is required to submit important details that assist the institution in matching the applicant's identification to government records and reducing the danger of fraud or identity abuse. It also expedites the account-opening procedure because verification is done electronically and quickly.

The good thing is you can perform online KYC for Demat documents without going into an office via the digital platform. Investors can invest in a safer, faster, and more secure manner.

Steps Involved in Documentation of KYC for Demat Account

KYC verification guarantees that financial institutions only interact with verified persons, therefore reducing fraud, identity abuse, and suspicious behaviour.

Before creating a Demat account, applicants must supply certain documents for verification, such as PAN, Aadhaar, bank proof, and address information. These demat account documents ensure precise identification and a seamless activation process.

1. How to Complete the Aadhaar Card Step?

- Enter your Aadhaar number.
- Verify it using the OTP sent to your Aadhaar-linked mobile number.
- Once authentication is complete, your basic details (name, DOB, address) will be auto-filled from the Aadhaar database.
- This step enables quick, paperless verification based on approved UIDAI information.

2. How to Complete the Selfie Step?

- Use your device's camera to take a clear front-facing selfie.
- Ensure proper lighting, and keep your face unobstructed with no cap, mask, or sunglasses).
- This selfie will be verified with your Aadhaar or PAN card photo in order to check if the same individual is opening the Demat account.

3. How to Complete the Signature Step?

- Sign on plain white paper with a dark ink pen (black preferred).

- Scan or take a clear photo of your signature.
- Upload it to the KYC form, as it shows where it is requested.
- This confirms your consent and ensures compliance with your official KYC data.

What Are the Mandatory KYC Attributes for a Demat Account?

To remain compliant and active with your Demat account, it is essential to update your KYC (Know Your Customer) information. Based on the latest regulatory updates, every Demat account holder in India must complete their KYC. If you do not update your KYC, your account may be classified as dormant, and you will not be permitted to invest or trade.

Additionally, if any of the six mandatory attributes are missing, inaccurate, or unverified, your Demat account may be restricted or terminated. Most brokers now provide online KYC update alternatives that include Aadhaar OTP, digital uploads, and video KYC to simplify and expedite the process.

The Following Six Details are Mandatory for KYC Updates:

1. **Name:** Your name must completely match your PAN and tax data. Any inconsistency between records might result in KYC refusal.
2. **Address:** You must provide your current residence address, accompanied by legitimate documents such as an Aadhaar card, passport, utility bills, or a driver's license.
3. **Permanent Account Numbers (PAN):** PANs are required for all Demat accounts. It serves as your principal tax identification, linking all financial activities.
4. **Mobile Number:** Your phone number must be active and validated by OTP. It is used to send transaction alerts, login authentication, and crucial account notifications.
5. **Email ID:** A confirmed email address is required to receive statements, transaction updates, and regulatory communications. It should be valid and correctly formatted.
6. **Income Range:** You must disclose your yearly income within the permitted limits and select one of the income brackets (e.g., "<1 Lakh," "1-5 Lakh," "5-10 Lakh," etc.) when filling out the form.

What Documents Are Accepted For Activation of FnO?

Various documents accepted for FnO are:

- Bank Statement (previous 6 months)
- Passbook (previous 6 months)
- ITR (previous financial year)
- Form 16 (previous financial year)

- Salary Slip (previous month)
- Latest Demat Account Holdings Statement

Document types accepted: .pdf, .jpeg, .jpg & .png

Document Size—Up to 10 MB

How to complete E-Sign?

Click on the check box. → Enter your AADHAAR Number → Select Send OTP → Enter the OTP & Complete the E-Sign Process.

Remember, KYC is a mandatory process and needs to be done by everyone. So, it is recommended that one should go through the article to enjoy a smooth experience.

Conclusion

Establishing a Demat account serves as the prerequisite to beginning the investing process in the securities market. Under SEBI rules, stockbrokers can only open an account after completing the KYC for the Demat account.

It is therefore important to check eligibility to open the account, have all documents in order, and compare the features and fees of different brokers. Once the account is opened and active, frequently monitor KYC updates and regular checks to ensure there are no problems. Remaining alert ultimately supports safe and simple trading.

