

## FAQs on DP Charges

- What is a depository?

A depository is an institution that functions as a bank for securities (shares, debentures, GI securities, bonds, and MF). It holds securities in electronic format on behalf of the investor and provides services related to security transaction.

In India, NSDL and CDSL are the two central depositories, and each broker is a member of one through which it offers Demat services to investors.

- Who are depository participants?

Depository participants are stockbroking firms that provide investors with investment and depository services.

- What are depository charges?

Depositories such as NSDL and CDSL collect charges for facilitating the transaction of securities. DP charges apply when you trade securities from your Demat account. Initially, DP charges apply to depository participants, which they pass on to investors.

- What are DP Charges?

Depository Participant (DP) charges are levied on all sell transactions of your Demat Account. These charges are exclusive of brokerage and are not reflected in contract notes. DP charges are the revenue source for depositories and its participants.

DP charges are a flat transaction fee, irrespective of the quantity sold. Hence, the fee charged is per scrip and not the volume sold. So, these charges remain the same whether you sell 1 share or 100 shares.

- Why are DP charges levied?

A stockbroker needs to become a depository participant to provide a Demat account to clients. Moreover, they need to pay a membership fee to NSDL or CDSL, to the tune of lakhs along with several other fixed costs and also advanced prepaid transaction charges. The brokers pass on these charges to their customers by an additional fee to reclaim these expenses.

- How much DP charges are levied?

We at Kotak securities have recently announced a revision in its Annual Maintenance Charges (AMC) - DP charges, with customers who have holdings of less than Rs 10,000 have to pay zero AMC charges going forward. In addition, clients of Kotak Securities can now also make changes in their Demat Account at a zero cost.

For more information. Kindly refer to the press release - <[Link to the press release](#)>