



CIRCULAR

SEBI/HO/MRD/PoD1/CIR/P/2025/24

February 25, 2025

To,

The Depositories

Madam/Sir,

Subject: Opening of Demat Account in the name of Association of Persons

1. SEBI had received representations to permit opening of demat accounts directly in the name of Association of Persons (AoP).
2. Upon examination of the relevant legal provisions and after detailed deliberations with stakeholders, to foster and ensure ease of doing business, it has been decided to allow opening of demat account in the name of the AoP for holding securities, such as units of mutual funds, corporate bonds and Government Securities in demat account.
3. In view of the above, paragraph 1.2.6.A. titled “*Opening of Demat Account in the name of Association of Persons (AoP)*” shall be inserted after paragraph 1.2.6 of Section 1 of the Master Circular for Depositories dated December 03, 2024:

“1.2.6.A Apart from opening of demat account by AoP in the name of natural persons as provided in paragraph 1.2.6, an AoP may also open a Demat account in its own name for holding units of mutual funds, corporate bonds and Government Securities in dematerialized form, subject to the following conditions:

1.2.6.A.1 AoP shall be responsible for ensuring that it only subscribes to the financial instrument/ securities that are permitted by statutes governing the constitution of AoP.

1.2.6.A.2 The PAN Card details of the AoP and the Principal Officer of the AoP shall be obtained.

Explanation: For this purpose, “Principal Officer” with reference to AoP means the secretary, treasurer, manager or agent or any person connected with the management or administration of the AoP.



1.2.6.A.3 While opening a demat account in the name of the AoP, the Depository Participants shall seek confirmation from the AoP with respect to the following:

1.2.6.A.3.1 The AoP holds only such securities in dematerialized form as permitted by the statutes governing its constitution.

1.2.6.A.3.2 The demat account is not be used for subscribing / holding equity shares.

1.2.6.A.4 In case of any dispute, the Principal Officer of the AoP shall be treated as the legal representative of the AoP.

1.2.6.A.5 At all times, members of the AoP shall be jointly and severally liable on behalf of the AoP.”

4. The Depositories are advised to:

4.1 take necessary steps and put in place necessary systems for implementation of the above;

4.2 make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary; and

4.3 bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their respective websites.

5. **Applicability:** The provisions of this circular shall be effective from June 02, 2025.

6. This circular is issued in exercise of the powers conferred upon SEBI under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with Section 26(3) of the Depositories Act, 1996 and Regulations 59 and 97 of SEBI (Depositories and Participants) Regulations, 2018, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

7. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal →Circulars”.

Yours faithfully,

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