



CIRCULAR

CIR/MRD/DP/22/2012

August 27, 2012

To,

The Depositories,

Dear Sir,

Subject: Facility for a Basic Services Demat Account (BSDA)

1. The SEBI Board had taken decisions to extend the reach of IPOs for the benefit of retail investors. With a view to achieve wider financial inclusion, encourage holding of demat accounts and to reduce the cost of maintaining securities in demat accounts for retail individual investors, it has been decided that all depository participants (DPs) shall make available a "Basic Services Demat Account" (BSDA) with limited services as per terms specified herein.
2. Eligibility: Individuals shall be eligible to opt for BSDA subject to the following conditions-
 - a. All the individuals who have or propose to have only one demat account where they are the sole or first holder.
 - b. Individuals having any other demat account/s where they are not the first holder shall be eligible for BSDA in respect of the single demat account where they are sole or first holder.
 - c. The individual shall have only one BSDA in his/her name across all depositories.
 - d. Value of securities held in the demat account shall not exceed Rupees Two Lakhs at any point of time.
3. Option to open BSDA: The DP shall give option:
 - a. To open BSDA to all eligible individuals who open a demat account after the date of applicability of this circular;
 - b. To all the existing eligible individuals to convert their demat account into BSDA on the date of the next billing cycle based on value of holding of securities in the account as on the last day of previous billing cycle.

4. Charges:

- a. The charge structure may be on a slab basis as indicated below:
 - i. No Annual Maintenance Charges (AMC) shall be levied, if the value of holding is upto Rs. 50,000.
 - ii. For the value of holding from Rs 50,001 to Rs 200,000, AMC not exceeding Rs 100 may be charged.
- b. The value of holding shall be determined by the DPs on the basis of the daily closing price or NAV of the securities or units of mutual funds, as the case may be. Where such price is not available the last traded price may be taken into account and for unlisted securities other than units of mutual funds, face value may be taken in to account.
- c. If the value of holding in such BSDA exceeds the prescribed criteria at any date, the DPs may levy charges as applicable to regular accounts (non-BSDA) from that date onwards.
- d. The DPs shall reassess the eligibility of the BOs at the end of every billing cycle and give option to the BOs who are eligible to opt for BSDA.

5. Services for Basic Services Demat Accounts:

- a. Transaction statements:
 - i. Transaction statements shall be sent to the BO at the end of each quarter. If there are no transactions in any quarter, no transaction statement may be sent for that quarter.
 - ii. If there are no transactions and no security balance in an account, then no further transaction statement needs to be provided.
 - iii. Transaction statement shall be required to be provided for the quarter in which the account became a zero balance account.
- b. Holding Statement:
 - i. One annual physical statement of holding shall be sent to the stated address of the BO in respect of accounts with no transaction and nil balance.
 - ii. One annual statement of holding shall be sent in respect of remaining accounts in physical or electronic form as opted for by the BO.



- c. Charges for statements: Electronic statements shall be provided free of cost. In case of physical statements, the DP shall provide at least two statements free of cost during the billing cycle. Additional physical statement may be charged at a fee not exceeding Rs.25/- per statement.
 - d. All BOs opting for the facility of BSDA, shall register their mobile number for availing the SMS alert facility for debit transactions.
 - e. At least Two Delivery Instruction Slips (DIS) shall be issued at the time of account opening.
 - f. All other conditions as applicable to regular demat accounts, other than the ones mentioned in this circular shall continue to apply to basic services demat account.
6. Rationalisation of services with respect to regular accounts.
In partial modification of the earlier directions, the following rationalisation measures shall be available for regular demat accounts:
- a. Accounts with zero balance and nil transactions during the year: The DPs shall send one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.
 - b. Accounts which become zero balance during the year: For such accounts, no transaction statement may be sent for the duration when the balance remains nil. However, an annual statement of holding shall be sent to the BO.
 - c. Accounts with credit balance: For accounts with credit balance but no transactions during the year, one statement of holding for the year shall be sent to the BO.
7. The circular shall be applicable with effect from October 01, 2012.
8. The Depositories are advised to:-
- a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;
 - b) bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website; and



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- c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
9. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

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