

DRAFT CIRCULAR FOR PUBLIC COMMENTS

Review of Facility for Basic Services Demat Account (BSDA) for Financial Inclusion and Ease of Investing

Background

1. 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, SEBI introduced the concept of Basic Service Demat Account in 2012 wherein the eligibility norms, maximum annual maintenance charges (AMC) for BSDA as well as services to be provided to BSDA were specified.
2. At present, an individual can hold debt securities worth upto ₹ 2 lakhs and other than debt securities worth upto ₹ 2 lakhs in a single demat account to be eligible for BSDA. Keeping in view the growth of benchmark indices in the previous decade and to further enhance the participation of retail investors in the securities market including participation of investors holding securities in physical form, the facility for BSDA has been reviewed and it is proposed to enhance the limit for a demat account to be categorized as BSDA. Further, maximum AMC for BSDA as well as services to be provided to BSDA have also been reviewed in the Draft Circular.

Public Comments:

Draft Circular on “Facility for Basic Services Demat Account (BSDA)” is placed at **Annexure A**. Public comments are invited on the Draft Circular including the following:

- a) Whether the BSDA limit should be enhanced over and above the proposed limit of ₹ 10 lakhs? If yes, any specific reasons for the same.
- b) Whether, instead of a combined limit which shall be fungible across debt and other than debt securities as proposed, separate limits should be retained for debt securities and other than debt securities?

- c) Whether the annual maintenance charges (AMC) for BSDA should be reviewed further? If yes, what should be the AMC (i) NIL (ii) ₹ 100 (iii) ₹ 500

The comments/ suggestions should be submitted latest by **June 26, 2024**, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationMIRSD@sebi.gov.in with the subject: "Public comments on Draft Circular - "Facility for Basic Services Demat Account (BSDA)"

Encl: Annexure-A



DRAFT CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/XXX

June XX, 2024

To,

The Depositories

The Depository Participants

Sir / Madam,

Sub: Facility for Basic Services Demat Account (BSDA) for Financial Inclusion and Ease of Investing

1. With the objective of achieving wider financial inclusion to encourage holding of demat accounts and to facilitate ease of investing, SEBI, vide circular no. [CIR/MRD/DP/22/2012 dated August 27, 2012](#) read with Circular [MRD/DoP2DSA2/CIR/P/2019/51 dated April 10, 2019](#) and Para 1.8.1 to para 1.8.5 of the Master Circular for Depositories dated October 06, 2023 provided for the facility of “Basic Services Demat Account” with a set of defined services for eligible individuals.
2. In order to further boost participation in securities market, ease of doing investments and based on representations from market participants, the facility has been comprehensively reviewed and the following has been decided:

2.1. Eligibility for BSDA

An individual shall be eligible to opt for BSDA subject to the following conditions:

- a) The individual has or proposes to have only one demat account where he/she is the sole or first holder.
- b) The individual shall have only one BSDA in his/her name across all depositories.
- c) Value of securities held in the demat account shall not exceed ₹ 10 Lakhs for debt and other than debt securities combined at any point of time.

2.2. Opening of BSDA and conversion of existing eligible demat accounts into BSDA

- a) The DPs shall open only BSDA for Beneficial Owners (BOs), if such demat accounts are eligible for BSDA as per **para 2.1** above, unless such BOs specifically provide their consent by way of email from their email-id registered with the DP to avail the facility of a regular demat account.
- b) The DPs shall also reassess the eligibility of all the existing BOs with respect to BSDA as provided in **para 2.1** above within two months from the date of this circular coming into effect and shall convert all such eligible demat accounts into BSDA unless such BOs specifically provide their consent by way of email from their email-id registered with the DP to continue to avail the facility of a regular demat account. Later, this exercise shall be carried out by DPs at the end of every billing cycle.

2.3. Charges

- a) The current and proposed charge structure is indicated below:

Current	Proposed	Maximum Annual Maintenance Charges
Value of Holdings in the Demat Account	Value of Holdings in the Demat Account (Debt as well as other than debt securities combined)	
Value of Debt Securities upto ₹1 lakh AND Value of Other than Debt Securities upto ₹ 50,000	Up to ₹ 4 lakhs	NIL
In any other case	More than ₹ 4 lakhs but up to ₹ 10 lakhs	₹ 100
Value of Debt Securities more than ₹2 lakhs OR Value of Other than Debt Securities more than ₹2 lakhs	More than ₹ 10 lakhs	Not a BSDA. Regular AMC may be levied.

- 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. The value of suspended securities may not be considered for the purpose of determining eligibility of demat account as BSDA.

- 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.

2.4. Services for Basic Services Demat Accounts

- a) Electronic statements shall be provided free of cost.
- b) Physical statement may be charged at a fee not exceeding ₹ 25/- per statement.
- c) All other conditions as applicable to regular demat accounts, other than the ones mentioned above, shall continue to apply to basic services demat account.

3. This circular shall come into effect from **DD-MM-YYYY** in supersession of **para 1.8.1 to para 1.8.5** of the Master Circular for Depositories dated October 06, 2023.
4. The Depositories are advised to:-
- 4.1. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;
- 4.2. bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website;
- 4.3. put in place appropriate systems and procedures to ensure compliance of the provisions of this circular; and
- 4.4. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.
