

CIRCULAR

HO/38/11/11(3)2025-MIRSD-POD/II/1101/2025

December 24, 2025

To,

All Depositories

All Depository Participants (DPs) through Depositories

Madam / Sir,

Subject: Ease of investments and ease of doing business measures – enhancing the ‘Facility for Basic Services Demat Account (BSDA)’

1. SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/91 dated June 28, 2024 (‘the circular’), specified provisions related to enhancing the facility of BSDA to boost investor participation in securities market. SEBI received stakeholder inputs for further enhancing the facility of BSDA.
2. Thus in order to provide ease of doing business to the depository participants (DPs) and ease of doing investments for the investors, it has been decided to exclude the following securities for reckoning the threshold for BSDA
 - 2.1. Zero Coupon Zero Principal (ZCZP) bonds
 - 2.2. Delisted securities
3. The valuation of the illiquid securities shall be at last closing price for calculating the threshold for BSDA; and
4. DPs shall now be required to reassess the BSDA eligibility every quarter.
5. DPs shall require the beneficiary owner to submit consent to avail / continue to avail the facility of a regular demat account by active consent through a verifiable channel as specified by the Depositories.
6. The effect of this circular shall replace paras 2.2(a), 2.2(b) and 2.3(c) of the circular, which stand modified as under:

Para 2.2(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 through authenticated and verifiable channel to avail the facility of a regular demat account.

Para 2.2(b)

The DPs shall also reassess the eligibility of all the existing BOs with respect to BSDA as provided in para 2.1 above at the end of every quarter and shall convert all such eligible demat accounts into BSDA unless such BOs specifically provide their consent through authenticated and verifiable channel, as specified by Depositories, to continue to avail the facility of a regular demat account.

Para 2.3(c)

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. For unlisted securities other than units of mutual funds, face value may be taken into account. For illiquid securities, last closing price may be taken into account. The value of suspended securities, delisted securities and Zero Coupon Zero Principal bonds may not be considered for the purpose of determining eligibility of demat account as BSDA.

7. The provisions of this circular shall come into force with effect from March 31, 2026 in supersession of paras 2.2(a), 2.2(b) and 2.3(c) of the circular.
8. The Depositories are advised to:-
 - 8.1. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;
 - 8.2. bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website; and
 - 8.3. put in place appropriate systems and procedures to give effect to the provisions made in this circular within a period of 75 days, and implement the provisions after user testing within 90 days from the date of issuance of this circular.
9. 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.

10. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

Yours faithfully,

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