



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/4546

July 01, 2014

SEBI CIRCULAR – DISPATCH OF PHYSICAL STATEMENTS TO BOs HAVING ZERO BALANCE AND NIL TRANSACTIONS

DPs are advised to refer to SEBI circular no.CIR/MRD/DP/21/2014 dated July 01, 2014 regarding **Dispatch of Physical Statements to BOs having Zero Balance and Nil Transactions, [see Annexure-A]**.

DPs are advised to take note of the same and ensure compliance.

Queries regarding this communiqué may be addressed to:

CDSL – Helpdesk on (022) 2272-8642, 2272-8427, 2272-8624, 2272-8693, 2272-8639, 2272-1261 or 2272-2075. Emails may be sent to: helpdesk@cdslindia.com.

Nayana Ovalekar
Sr. Vice President – Operations



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Securities and Exchange Board of India

CIRCULAR

CIR/MRD/DP/ 21 /2014

July 01, 2014

To,

The Depositories and Depository Participants,

Dear Sir/ Madam,

Subject: Dispatch of physical Statements to BOs having Zero Balance and Nil Transactions

1. SEBI had vide circular no. CIR/MRD/DP/ 22 /2012 dated August 27, 2012 introduced the facility of Basic services Demat Account (BSDA) wherein inter alia it was mandated that one annual physical statement of holding shall be sent to the Beneficial Owners(BOs) having zero balance and Nil transaction.
2. Based on the representations from the Depositories and Depository Participants, the relevant provisions of the aforesaid circular are modified as under:

Clause 5 (b) (i)

DP shall send atleast one annual physical statement of holding to the stated address of the BO in respect of accounts with no transaction and nil balance even after the account has remained in such state for one year. The DP shall inform the BO that the dispatch of the physical statement may be discontinued if the account continues to remain zero balance even after one year.

Clause 6 (a)

Accounts with zero balance and nil transactions during the year: DP shall send atleast one annual physical statement of holding to the stated address of the BO in respect of accounts with no transaction and nil balance even after the account has remained in such state for one year. The DP shall inform the BO that if no Annual Maintenance Charge (AMC) is received by the DP, the dispatch of the physical statement may be discontinued for the account which continues to remain zero balance even after one year.



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3. However, irrespective of the above, the DPs shall send electronic statement of holding to all the BOs whose email ids are registered with them. Also, if a BO requests for a physical statement, the DPs shall provide the same.
4. For the purpose of valuation of holdings in an account as provided in clause 4(b) of the aforesaid circular, it is clarified that the value of suspended securities may not be considered for the purpose of determining eligibility of demat account as BSDA.
5. 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
 - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
6. 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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