

National Stock Exchange Of India Limited**Department: INVESTOR SERVICES CELL**

Download Ref No: NSE/ISC/64423

Date: October 08, 2024

Circular Ref. No: 52/2024

To All Members,

Sub: Enhancement of operational efficiency and Risk Reduction - Pay-out of securities directly to client demat account

This is with reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024, Exchange Circular No. NSE/INSP/62420 dated June 11, 2024, Exchange Circular No. NSE/ISC/62810 dated July 05, 2024 and Exchange Circular No. NSE/ISC/63535 dated August 23, 2024 on “Enhancement of operational efficiency and Risk Reduction - Pay-out of securities directly to client demat account”.

Vide Exchange Circular No. NSE/ISC/62810 dated July 05, 2024, and Exchange Circular No. NSE/ISC/63535 dated August 23, 2024, the following was intimated to the Trading Members:

1. To update primary / secondary indicators for demat accounts up to August 30, 2024.
2. In case the same was not updated by the Trading Members by August 30, 2024, records where the first demat account (DP Name 1, DP Id 1, Beneficial Owner A/c No.1) updated by the Member in the Unique Client Code (UCC) database shall be considered as the primary demat account by the Exchange. The other demat accounts if any, shall be considered as secondary demat account.

In view of the above, the Exchange had marked demat account 1 as primary demat account. Furthermore, details of existing demat accounts in the UCC database have been validated with the respective Depositories. For all successfully validated UCCs, primary demat account details have been shared with the Clearing Corporations (CCs), whereas non-validated demat account details have been provided to the respective Trading Members.

With effect from October 11, 2024, fresh UCC registration, or any modification undertaken in demat account details, shall be sent to Depositories for validation. All UCCs validated by Depositories up to 5 p.m. shall be sent to CCs. Exchanges shall send incremental file to CCs only on trading days.

Members may note that, the demat account details of clients categorized as NRIs shall not be sent to the CCs until January 13, 2025. Hence, payouts of NRIs shall continue to be credited as per the current process till January 13, 2025. Post January 13, 2025, validated demat account details of NRI clients shall also be shared with the CCs for the direct payout of securities.

Important Points to be noted vide NCL circular No. NCL/CMPT/63669 dated August 30, 2024 and ICCL Notice No. 20240902-8 dated September 02, 2024:

- Direct payout will be implemented in the equity cash segment (including netted cash and F&O physical settlement) w.e.f. October 14, 2024, in 2 phases. Phase 1 shall be for a period of three months from October 14, 2024, to January 13, 2025 and phase 2 shall start from January 13, 2025, onwards.
- Payouts shall be transferred to the demat accounts identified with Primary flag in the UCC database of the Exchanges and are validated by depositories.
- In case, there is no validated primary demat account available in Exchange UCC, the payout will be released to the clearing member pool account in phase 1.
- In phase 2, UCCs which do not have validated primary demat account (except proprietary UCC) shall not be Permitted to trade by the Exchange. On updation of demat account of such UCCs' by trading members and further validation by the respective Depositories, the said UCC shall become eligible for being considered as Permitted to Trade.

Trading Members are advised to take note and comply with the above guidelines.

In case of any query kindly contact uci@nse.co.in

**For and on behalf of
National Stock Exchange of India Limited**

**Shanti Idnani
Associate Vice President**

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