

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

Download Ref No: NSE/ISC/68187

Date: May 26, 2025

Circular Ref. No: 18/2025

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 and latest Exchange Circular No. NSE/ISC/66717 dated February 18, 2025, ICCL Notice No. 20240902-8 dated September 02, 2024 and NCL Circular No. NCL/CMPT/63669 dated August 30, 2024 on "Enhancement of Operational Efficiency and Risk Reduction - Payout of Securities directly to client demat account".

In accordance with SEBI circular and subsequent communications in this regards, Trading Members (TMs) are required to note the below important points with regard to implementation of Enhancement of Operational Efficiency and Risk Reduction - Payout of Securities directly to client demat account – Phase II.

- UCCs with Valid Primary Demat accounts shall be considered for Direct payouts.
- Payouts shall be transferred to the validated primary demat accounts.
- New UCC registration, or any modification undertaken in demat account details, shall be sent to Depositories for validation, the UCC with validated primary Demat accounts shall become eligible for Permitted to Trade. All UCCs validated by Depositories up to 5 p.m. shall be sent to CCs on trading days.
- UCCs wherein Primary Demat accounts are not validated in Capital Market segment shall not be Permitted to Trade in the said segment.
- Members are required to ensure that UCCs should be created only for active Demat accounts to avoid UCCs from becoming Not Permitted to Trade due to demat accounts not being active.
- In the following scenarios even though the Primary demat accounts are not validated in Capital Market Segment, such UCCs shall be considered as 'Permitted to Trade'.
 - For TM Code = Client Code
 - For TM Own accounts where client type is "ERROR"
 - All Custodial settled clients
 - UCCs belonging to Institutional client categories and "Depository Receipts"

- In order to assist Trading Members to identify the validation status of the demat accounts and rectify where-ever necessary, the Exchange is disseminating “segment wise demat account validation report” on daily basis by EOD on the extranet. This report provides a comprehensive overview of the validation status of all active UCCs. Segment wise demat account validation reports are available with below naming convention and path:

File name:

SEG_TMCODE_UCC_DEMAT_AND_BANK_ACCOUNT_VALIDATION_STATUS_DATE_SEQUENCE.csv

File Path: Extranet

Segment	Path
CM	/CMFTP/Reports
FO	/FAOFTP/Reports

- Trading Members must ensure that the details uploaded in the Demat account fields must be accurate as per file format and must also ensure to mark the primary indicator field. Field wise formats are re-iterated below:

DP Name	DP ID (Alpha / Numeric)	BO ID (Numeric)
NSDL	8 characters	8 characters
CDSL		16 characters

- Direct Payout Phase-II will be implemented w.e.f. July 07, 2025 (i.e. clients who do not have valid demat accounts based on above criteria shall not be allowed to trade with effect from July 07, 2025).

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

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