

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

Download Ref No: NSE/ISC/68910

Date: July 02, 2025

Circular Ref. No: 24/2025

To All Members,

Sub: Reminder on 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 Exchange Circular Nos. NSE/ISC/68187 dated May 26, 2025, on “Enhancement of Operational Efficiency and Risk Reduction - Payout of Securities directly to client demat account” and NSE/ISC/68832 dated June 30, 2025 on Updation of Account Type Field in UCC database.

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.

- Direct Payout Phase-II will be implemented w.e.f. July 07, 2025 (i.e. clients who do not have valid demat accounts in Capital Market segment based on below criteria shall not be allowed to trade in Capital Market segment with effect from July 07, 2025).
- UCCs with a verified and valid Primary Demat account shall be eligible for direct payouts. Such payouts shall be credited to the validated 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 in Capital Market segment. All validated demat accounts by 5 p.m. shall be sent to CCs on trading days.
- 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”.

- Post implementation of Phase II, clients with invalid primary demat account details shall not be Permitted to Trade in Capital Market (CM) segment from July 07, 2025.
- Trading Members are advised that UCCs used for ERROR accounts should be categorized as ERROR, under the Direct Payout Phase II implementation 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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