

Circular No.: NSDL/POLICY/2023/0172

December 11, 2023

Subject: Operational guidelines in respect of Trading supported by Blocked Amount in Secondary Market.

Attention of Participants is invited to SEBI Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/99 dated June 23, 2023 and NSDL Circular No. NSDL/POLICY/2023/0074 dated June 27, 2023, regarding “Trading supported by Blocked Amount in Secondary Market”.

In this regard, the operational guidelines are enclosed as **Annexure** for necessary implementation of the aforesaid circulars.

The aforesaid changes will be implemented in NSDL depository system at **EOD of December 29, 2023**. Participants are requested to inform their Clients, Trading Members and Clearing Members suitably and ensure compliance.

**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	1. Para 20 of NSDL Master Circular for Participants on ‘Grievance Redressal’ chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023



Annexure

Operational guidelines in respect of the framework for Trading supported by Blocked Amount in Secondary Market.

SEBI has vide its Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/99 dated June 23, 2023, issued the guidelines about the framework for trading in secondary market based on blocked amount in investor's bank account.

The detailed operational guidelines in respect of para 8 of the aforesaid SEBI circular are mentioned below:

1. Registration Process flow for availing UPI block facility:

- 1.1. The facility of UPI Block in secondary market shall be at the option of the Client and it will be non-mandatory facility to be provided by the Stock Broker to Client.
- 1.2. All Clients who are permitted to use RBI's UPI facility and who are meeting the criteria defined by CCs shall be eligible.
- 1.3. As per the criteria defined by CC, currently this facility shall be extended to resident individuals and Hindu undivided families (HUFs) only.
- 1.4. The Client who wishes to avail Trading supported by Blocked Amount in Secondary Market facility (i.e., UPI block facility) needs to approach his/her Stock Broker (i.e., TM) that offers such facility. TM shall enroll the Client for the said facility subject to meeting the eligibility criteria as defined by CC.
- 1.5. At the time of registration of Client for availing UPI block facility on Stock Exchange platform, the TM shall be required to provide one primary demat account of the Client wherein Client wish to receive pay-out of the securities.
- 1.6. Stock Exchanges shall verify the PAN mentioned in the UCC database maintained at Stock Exchanges with PAN of the first holder mentioned in the demat account of Client.



2. Pay-in of securities in respect of the Clients who will opt for availing UPI block facility:
 - 2.1. The Clients who wish to opt for this facility shall be required to execute early pay-in instruction as per extant process for settlement of trades executed with UPI Block option on stock exchange platform.
 - 2.2. The Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to follow extant process for pay-in of securities.
3. Pay-out of securities in respect of the Clients who will opt for availing UPI block facility:
 - 3.1. CC will upload Intra/Inter depository instructions in NSDL depository system to transfer pay-out of securities to the primary demat account of the Client availing UPI block facility.
 - 3.2. CC will upload the pay-out instructions in NSDL depository system with details of CM ID, TM ID, Primary Demat account details viz., DP ID & Client ID, UCC, Auto pledge flag for unpaid securities, etc.
 - 3.3. CMs and TMs will not be required to execute instructions for transfer of securities in respect of pay-out from TM/CM Pool account to Client's primary demat account pertaining to UPI Block Facility.
4. Process to be followed in case of Client Unpaid Securities Pledgee Account (CUSPA):
 - 4.1. In respect of the unpaid securities (i.e., the securities that have not been paid in full by the Client), such securities shall be transferred to respective Client's primary demat account followed by creation of an auto-pledge in favor of a separate account opened by CM or TM based on the "Auto-Pledge Flag for unpaid securities" provided in transfer instruction uploaded by CC in NSDL depository system in respect of pay-out of securities.
 - 4.2. NSDL Depository system shall identify details of CUSPA demat account of TM/CM based on TM/CM ID uploaded by CC in transfer instruction in respect of pay-out of securities.
 - 4.3. Participants may additionally refer to NSDL circular no. NSDL/POLICY/2023/0028 dated February 27, 2023, regarding "Operational guidelines in respect of Handling of Clients Securities by Trading Members (TM) / Clearing Members (CM) – Client Unpaid Securities Pledgee Account".
5. Process followed in case of pay-out of securities that could not be credited:
 - 5.1. In case of scenarios wherein pay-out instructions (intra and inter-depository instructions submitted by CC) are not executed in NSDL depository system for any reason, then such securities shall remain in CC Pool account.
 - 5.2. In such scenarios, the Clients need to contact the TM for resolution of issue.



6. Miscellaneous points:

6.1. As per SEBI's guidelines, the aforesaid facility shall be applicable for the Cash segment only. Hence, UPI Block facility will be applicable for following Market Type(s) in NSDL depository system in respect of NSCCL and ICCL:

Market Type Description	Market Type (NSDL)	Clearing Corporation	Market Type (CC)
T+1 NORMAL	S1	NSCCL	49
T+1 ROLLING	S1	ICCL	41
T+1 TRADE FOR TRADE	G1	NSCCL	50
T+1 ITP FOR SME	M1	NSCCL	51
ITP	IT	ICCL	30
AUCTION Normal	DD	NSCCL	14
AUCTION ROLLING	AU	ICCL	04

6.2. In respect of settlement of trades for other market types or for Clients not availing UPI block facility, the Participants / Brokers can continue with existing settlement process for pay-out of securities.

6.3. PAN Exempt / Sikkim Category Clients who do not have PAN captured in their demat account are not eligible.

6.4. Clients who have availed Custodian services for trading and clearing are not eligible.

6.5. Clients opting UPI Block facility shall not be allowed to use the Margin Trading Facility (MTF).

6.6. If Client has opted for UPI Block facility, until all obligations are not fulfilled, the Client cannot opt out/ deregister for UPI Block facility.

