

Department: Inspection	Segment: All
Circular No: MSE/INSP/12559/2022	Date : November 11, 2022

Subject: Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations

To All Trading Members,

This has reference to SEBI vide Circular SEBI/HO/MIRSD/DoP/P/CIR/2022/119 dated September 19, 2022 and Exchange circular MSE/INSP/12328/2022 dated September 21, 2022 regarding “Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations.”

As per the said circular, “Depositories, prior to executing actual transfer of the securities for Pay-In from client demat account to TM Pool account, shall validate the transfer instruction for the purpose of Pay-in. The Depositories shall validate the depository transfer instruction details with CC obligation details based on UCC, TM ID, CM ID, Exchange ID, ISIN, quantity, settlement details etc. In case of matching of all details like UCC, TM ID, CM ID, ISIN, quantity, settlement details etc. of the transfer instruction with the obligation data, the instruction shall be carried out by the Depositories and such securities will be debited from client’s demat account and credited to linked TM Pool account on or before the settlement day.”

Member’s attention is drawn to Clause 4.5 of aforesaid circular, which states that, “*In case of discrepancies in details like UCC, TM ID, CM ID, ISIN etc., between instruction and obligation, such transfer instructions will be rejected by the depositories.*” Further, the rejection of such instructions might result in default of Pay-In obligation.

In view of the above, members shall adhere to operating guidelines issued in respect of Pay-in validations by the Depositories (NSDL/CDSL) and are advised to ensure that correct UCC details are provided along with the instruction, to avoid rejection of such instructions. Further, the members are advised to create awareness amongst their clients/investors on the implementation of Pay-in validations and the relevant operating guidelines issued by the Depositories.

All members are requested to take note of the above and comply.

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

**Mahendra Choudhari
AVP – Inspection and Membership Department**

In case of any query kindly contact Inspection Department on 6112 9000 or mail on compliancemsx@msei.in

Metropolitan Stock Exchange of India Limited