

Department: Inspection	Segment: All
Circular No: MSE/INSP/16117/2024	Date : October 07, 2024

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

To All Members,

This has reference to Exchange circular MSE/INSP/15963/2024 dated September 12, 2024 on the subject “Enhancement of operational efficiency and Risk Reduction - Pay-out of securities directly to client demat account” wherein it was mentioned that NCL vide Circular No. NCL/CMPT/63669 dated August 30, 2024, and ICCL vide Notice No 20240902-8 dated September 02, 2024 have provided detailed guidelines including standard operating guidelines of ‘Pay-out of securities directly to client demat account’ and trading members have been advised to comply with provisions of said circulars of clearing corporations(CC) applicable to them.

In accordance with point 14 (v) of Annexure 1 “Standard Operating Guidelines - Payout of securities directly to client demat accounts” of aforesaid circulars of CC, members are advised to note following guidelines:

1. For the instances where auction for internal shortages was not successful on account of non-upload or incorrect upload or upload of partial requests or where internal shortage was reported but auction was not successful, such shortages shall be closed out as per close out price specified by the respective CC.
2. For instances where member has not reported the internal shortage for auction to CC, on account of non-upload or incorrect upload or upload of partial requests, the cost differential on account of close out shall be borne by defaulting member and shall not be passed on by member to clients.
3. CC will provide report to members with details of close-out price in respect of all securities.

Members are requested to take note of the contents of the circular and comply.

In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on compliancemsx@msei.in.

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

**Praveenkumar Acharya
AVP – Inspection and Membership Department**

Metropolitan Stock Exchange of India Limited