Department: Investigation	Segment: All
Circular No: MSE/ID/16635/2025	Date: January 17, 2025

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

To All Members,

This is with reference to Exchange Circular No. MSE/ID/16243/2024 dated October 29, 2024 on "Enhancement of operational efficiency and Risk Reduction - Pay-out of securities directly to client demat account"

The aforesaid circular states:

Direct payout will be implemented in the equity cash settlement (including netted cash and F&O physical settlement) and UCCs which do not have validated primary demat account (except proprietary UCC) shall not be Permitted to trade by the Exchange.

With regards to direct pay-out, it may be noted that a client dealing exclusively in index derivatives and providing his margin through cash only may not need to have a demat account in the equity derivative segment. In this regard, the Trading Member has to ensure that the client dealing in index derivatives does not deal in any other product which requires physical delivery and that the client pays his margin only in the form of cash. This would be a part of an arrangement between Trading Member and the client where a client is desirous of dealing exclusively in index derivatives and undertakes to pay his margin only in the form of cash.

Members of the Exchange are advised to take note of the above and ensure compliance.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Vipul Vaishnav
Assistant Vice President