

**EXTRACTS OF THE AGENDA OF THE 86<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON THURSDAY, DECEMBER 14, 2023 AT 12:50 P.M. HELD THROUGH VIDEO CONFERENCE**

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**Amendments to Byelaws and Business Rules regarding ‘Trading supported by Blocked Amount in Secondary Market’**

SEBI has issued the guidelines in respect of ‘Trading supported by Blocked Amount in Secondary Market’ vide Circular dated June 23, 2023.

SEBI vide its aforesaid circular had clarified that “*The CCs shall provide instructions to depositories for securities pay-out to the clients, which shall be directly delivered to client’s account without the need of handling of such securities pay-out by TM/CM*” and “*CC shall provide pay-out of securities to the client’s demat account and instruct the depository to auto-pledge such securities to the TM’s “client unpaid securities pledgee account”*”.

The provision of this circular is effective from **January 01, 2024**. For the implementation of the above SEBI Circulars regarding ‘**Direct pay-out to the clients and creation of Pledge by Depository as per the instruction of CCs**’, NSDL is in the process making necessary system changes in consultation with other MIIs.

Pursuant to the aforesaid SEBI Circular, NSDL is required to make consequential amendments in its Byelaws and Business Rules w.r.t ‘Trading supported by Blocked Amount in Secondary Market’. Accordingly, it is proposed to amend the NSDL Byelaws and Business Rules as below:

1. Insertion in Bye-Laws – new Byelaw 9.18
2. Insertion in Business Rules – new Business Rule 12.20

The Regulatory Oversight Committee (ROC) at its meeting held on December 08, 2023 considered and recommended insertion of aforesaid Bye-Law and Business Rule to the Board for approval.

The Board is requested to consider the recommendation made by ROC and approve the aforesaid proposal for onward submission to SEBI.