

CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/14

February 11, 2025

To,

All recognized Stock Exchanges

Stock Brokers through Recognized Stock Exchanges

Dear Madam / Sir,

Sub: Facilitation to SEBI registered Stock Brokers to access Negotiated Dealing System-Order Matching (NDS-OM) for trading in Government Securities- Separate Business Units (SBU)

1. Reserve Bank of India vide its notification dated February 07, 2025 permitted access of SEBI-registered non-bank brokers to Negotiated Dealing System-Order Matching (NDS-OM) through [Master Direction - Reserve Bank of India \(Access Criteria for NDS-OM\) Directions, 2025](#).
2. In order to facilitate SEBI-registered stock brokers to participate in Government Securities (G-Secs) market in the NDS-OM, it has been decided that they may do so under a **Separate Business Unit (SBU)** of the stock broking entity itself, in the manner specified herewith.
3. The matters related to policy, eligibility criteria, risk management, investor grievances, inspection, enforcement, claims etc. for stock brokers to transact on NDS-OM would be specified under the regulatory framework issued by the respective regulatory authority and all activities of the business unit of stock broker facilitating trading on NDS-OM would be under the jurisdiction of that regulatory authority.
4. In pursuance of the above regulatory jurisdiction, to demarcate the regulatory obligations and to ring fence the activities of the stock brokers and its NDS-OM activities, some of the key safeguards are being prescribed as under:
 - 3.1 Stock brokers shall ensure that activities of the NDS-OM under a SBU are segregated and ring-fenced from the securities market related activities of the stock broker and arms-length relationship between these activities are maintained;

- 3.2 Such SBU shall be exclusively engaged in activities of transacting on NDS-OM only;
 - 3.3 Stock brokers shall prepare and maintain a separate account for the SBU on arms-length basis;
 - 3.4 The net worth of the SBU shall be kept segregated from the net worth of the stock broker in the securities market. Net worth criteria for stock broker shall be satisfied after excluding account of the SBU.
5. As the activities of the SBU shall be under the jurisdiction of another regulatory authority, Grievance Redressal Mechanism and Investor Protection Fund (IPF) of the stock exchanges and SCORES shall not be available for investors availing the services of the SBU.
 6. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992, read with regulation 30 of the SEBI (Stock Brokers) Regulations 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
 7. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

Yours faithfully,

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