**SEBI Provides Margin Waiver on Subsequent Trades After Early Pay-In in the Cash Segment**

The Securities and Exchange Board of India (SEBI), vide **Circular No. HO/(320)2026-MRD-POD2/I/24141/2026 dated October 22, 2026**, has decided that where a client has sold shares and the Early Pay-In (EPI) of those shares has been accepted, the Clearing Corporation (CC) will not collect margin on the client's later buy/sell trad es, up to the amount of the accepted EPI. The circular is addressed to stock exchanges, clearing corporations, depositories and stockbrokers, and comes into force four months from the date of its issuance.

**Analysis**

- **Existing position:** Under current exchange and CC guidelines, when EPI of sold shares is accepted through the Block mechanism, the EPI is treated as margin collected for that sale. Once the sale value is credited to the client's ledger, the EPI value can also be used as margin for the client's later requirements, up to 100% of the sale value, across all segments.
- **New facility:** Where a client has a net sell obligation in a settlement and the CC has accepted the EPI for the sold securities, the CC shall, on a real-time basis, not collect margin from the Trading Member (TM) or Clearing Member (CM) on the client's subsequent buy/sell positions, up to the accepted EPI amount. SEBI has taken this decision on proposals from the Broker ISF and recommendations of its Risk Management Review Committee.
- **Value of EPI available:** On the trade date, the CC will work out the available EPI value, which is the lower of the value of EPI done and the value of securities sold.
- **New positions:** When the client takes a position in the cash segment on the same trade date based on the EPI, the CC will check the client's margin availability only after reducing the available EPI value.
- **Squaring off:** If the client squares off the sale position for which the EPI benefit was used, the EPI value will be removed. Any resulting shortfall in the client's margin will be blocked by the CC from the proprietary collateral of the TM/CM. This does not apply to Trade for Trade (TFT) securities, as they are settled on a gross basis.
- **Duty of Trading Members:** TMs must ensure that their risk management allows the client to square off the position for which EPI was given, or take any new position, only if the client's required margins are available with the TM.
- **Duty of Clearing Corporations:** CCs must amend their bye-laws, rules and regulations as necessary, carry out system changes and publish the circular on their websites.

- The circular has been issued under Section 11(1) of the SEBI Act, 1992, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

**Key Takeaways**

- No margin will be collected on a client's later buy/sell trades, up to the accepted EPI, where the client has a net sell obligation.
- The available EPI value is the lower of the EPI done and the value of securities sold.
- If the client squares off the sale position, the EPI benefit is removed and any margin shortfall is blocked from the TM/CM's proprietary collateral (not applicable to TFT securities).
- TMs may allow new or square-off positions only if the client's margins are available.
- CCs must amend their rules and make system changes, and the circular takes effect four months from October 22, 2026.

- The notification is attached herein.

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