

CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/132

September 30, 2025

To,

All recognized Stock Exchanges

Stock Brokers through recognized Stock Exchanges

Madam / Sir,

Sub: Extension of timeline for implementation of SEBI Circular dated February 04, 2025 on 'Safer participation of retail investors in Algorithmic trading'

1. SEBI issued circular on "Safer participation of retail investors in Algorithmic trading" on February 04, 2025. The provisions of the circular were to come in to effect from August 01, 2025. However, based on representation from stock brokers and algo vendors, timeline for implementation of circular was extended to October 01, 2025 vide circular dated July 29, 2025.
2. The detailed operational modalities for algo framework were issued by exchanges on July 22, 2025. In this regard, based on the representation received by exchanges from stock brokers and algo vendors, certain clarifications and modifications were issued by exchanges in second fortnight of September, 2025.
3. In order to ensure smooth implementation of the framework, SEBI has been engaging with exchanges, broker associations and algo vendors. During the discussion, it was informed that majority of the stock brokers require more time to carry out the necessary changes in their systems on the basis of clarifications/modifications specified in operational modalities.
4. Accordingly, it has been decided that stock brokers who are ready with the required systems shall go live w.e.f. October 01, 2025. Further, in order to provide more time to stock brokers who are yet to carry out the required system changes, a glide

path is being provided which shall be adhered to by stock brokers, with the following milestones:

Milestone 1 –

Retail algo product coming through API (In-house and through vendors) and at least one algo strategy shall be applied for registration with exchange by 31st October 2025.

Milestone 2 -

Registration of retail algo products coming through API (In-house and through vendors) and few algo strategies for retail algo with exchange shall be completed by 30th November 2025.

Milestone 3 -

Stock broker shall participate in at least one mock session with the new functionality which is complete in all aspects by January 03, 2026. The calendar for mock sessions for testing of algos shall be specified by exchanges. Stock broker shall provide evidence to the exchanges regarding the participation in mock session. In case, stock broker has not participated by January 03, 2026, the said fact shall be intimated to the exchange.

5. Stock brokers, who fail to adhere to the above milestones, shall be barred from onboarding new retail clients for API based algo trading framework w.e.f. January 05, 2026.
6. Stock exchanges shall monitor the compliance of stock brokers with the above stated milestones.
7. Stock brokers, who are not ready to go live from October 01, 2025, are advised to provide the information regarding the number of existing clients as on September 30, 2025 to exchanges, in the format as specified by exchanges.
8. W.e.f. April 01, 2026, algo framework specified in circular dated February 04, 2025 along with implementation standards and detailed operational modalities (issued by exchanges) will be applicable for all stock brokers.

9. Stock Exchanges, are hereby, directed to:

- 9.1. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites;
- 9.2. put in place appropriate systems and procedures to ensure compliance of the provisions of this circular;
- 9.3. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above decision;

10. 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 Section 30 of the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 to protect the interests of investors in securities, to promote the development of, and to regulate the securities markets.

11. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

Yours faithfully,

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