Consultation Paper – Review of Block Deal Framework

The Securities and Exchange Board of India (**SEBI**) has issued a circular dated October 08, 2025 (**Circular**) revising the existing framework for Block Deals on stock exchanges.

The changes follow recommendations of the Working Group, deliberations of the Secondary Market Advisory Committee **(SMAC)**, and comments received from the public. The modifications are intended to enhance market transparency, streamline execution of large trades, and align block deal operations with the optional T+0 settlement cycle.

The revised provisions will come into effect 60 days from the date of the Circular.

Proposed Changes:

- **Dual Trading Windows retained with revised parameters**
  - Two block deal windows will continue to operate as follows:
    - <u>Morning Block Deal Window</u>: Between 08:45 AM and 09:00 AM; reference price will be the previous day's closing price.
    - <u>Afternoon Block Deal Window</u>: Between 02:05 PM and 02:20 PM; reference price will be the volume weighted average price **(VWAP)** of trades executed between 01:45 PM and 02:00 PM.
    - Stock exchanges will calculate and disseminate the VWAP between 02:00 PM and 02:05 PM.
- **Narrower permissible price range**
  - Orders placed in both block deal windows must be within ±3% of the applicable reference price, subject to surveillance measures and price bands.
- **Minimum order size and settlement discipline**
  - The minimum order size for a block deal is INR 25 crores.
  - Every block deal must result in delivery and squaring off or reversal of trades is not permitted.
- **Applicability to T+0 Settlement Cycle**
  - The revised provisions will apply *mutatis mutandis* to block deals executed under the optional T+0 settlement framework, ensuring consistency in execution and settlement timelines.
- **Enhanced transparency and oversight**
  - Stock exchanges shall disclose block deal information (scrip name, client name, quantity, traded price, etc.) to the general public on the same day after market hours.
- **Compliance**
  - Stock Exchanges, Clearing Corporations, and Depositories must ensure that all surveillance and risk-containment measure applicable to the normal market segment extend to block deal windows as well.
  - All Market Infrastructure Institutions **(MIIs)** are required to amend byelaws and systems accordingly and notify market participants.

ELP Comments

The revised block deal framework represents a measured recalibration of SEBI's approach towards large-volume trades. By maintaining two trading windows and tying the afternoon pricing to VWAP, SEBI seeks to enhance price discovery and market integrity, while the ±3% range provides necessary flexibility without diluting surveillance safeguards.

Further, the extension of the framework to the T+0 settlement cycle aligns with SEBI's broader market modernization agenda, i.e., encouraging faster settlement, reduced counterparty risk, and better liquidity management. For institutional participants, the combination of improved transparency and tighter operational controls should facilitate more efficient execution and reduced market impact costs in block transactions.

We hope you have found this information useful. For any queries/clarifications, please write to us at insights@elp-in.com or write to our authors:

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