

National Stock Exchange of India Limited

Circular

| DEPARTMENT: INSPECTION | |
|---------------------------------|------------------------|
| Download Ref No: NSE/INSP/54238 | Date: October 28, 2022 |
| Circular Ref. No: 80/2022 | |

To All Members,

Sub: Block Mechanism in demat account of clients undertaking sale transactions - Clarification

SEBI has issued circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/143 dated October 27, 2022, on the subject "Block Mechanism in demat account of clients undertaking sale transactions – Clarification". A copy of the said circular is enclosed as **Annexure A** for your reference.

Members are advised to take note of the contents of the above mentioned circular.

**For and on behalf of
National Stock Exchange of India Limited**

**Harinatha Reddy M
Chief Manager**

In case of any clarifications, Members may contact our below offices:

| Regional Office | E MAIL ID | CONTACT NO. |
|-------------------|---------------------------------|--|
| Ahmedabad (ARO) | inspectionahm@nse.co.in | 079- 49008632 |
| Chennai (CRO) | inspection_cro@nse.co.in | 044- 66309915 / 17 |
| Delhi (DRO) | delhi_inspection@nse.co.in | 011- 23459127 / 38 / 46 |
| Kolkata (KRO) | inspection_kolkata@nse.co.in | 033- 40400412 / 59 |
| Mumbai (WRO) | compliance_wro@nse.co.in | Board Line: 022-25045000 / 022-61928200 Direct Line: 022-25045138 / 022-25045144 Extn: 28144/28138 |
| Central Help Desk | compliance_assistance@nse.co.in | |

CIRCULAR

Annexure A

SEBI/HO/MIRSD/DoP/P/CIR/2022/143

October 27, 2022

To,

All Depositories

All recognized Stock Exchanges and Clearing Corporations

Madam / Sir,

Sub: Block Mechanism in demat account of clients undertaking sale transactions - Clarification

1. SEBI, vide circular no. CIR/HO/MIRSD/DOP/P/CIR/2022/595 dated July 16, 2021, introduced block mechanism in the demat account of clients undertaking sale transactions, for ease of operations in Early Pay-in mechanism. The mechanism was introduced on optional basis.
2. Subsequently, vide circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/109 dated August 18, 2022, SEBI made the facility of block mechanism mandatory for all Early Pay-In transactions by amending clause 5 of circular dated July 16, 2021 as under:
“5. The facility of block mechanism shall be mandatory for all Early Pay-In transactions.”
3. In view of the representations received from Depositories and Custodians, it is clarified that the block mechanism shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.
4. All other provisions in the SEBI circular dated August 18, 2022 and SEBI circular dated July 16, 2021 shall continue to remain applicable.

5. Depositories and Clearing Corporations shall put in place appropriate systems to ensure compliance of the provisions of this circular.
6. Stock Exchanges and Depositories are directed to:
 - a. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites;
 - b. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above decision.
 - c. communicate to SEBI, the status of the implementation of the provisions of this circular on November 15, 2022 and in their Monthly Development Reports.
7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

Yours faithfully

Aradhana Verma
Deputy General Manager
Tel. No: 022 26449633
aradhanad@sebi.gov.in