



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2022/627

October 28, 2022

SEBI CIRCULAR - BLOCK MECHANISM IN DEMAT ACCOUNT OF CLIENTS UNDERTAKING SALE TRANSACTIONS - CLARIFICATION

DPs are advised to refer our Communique no. **CDSL/OPS/DP/POLCY/2021/314** dated **July 19, 2021** and Communique no. **CDSL/OPS/DP/POLCY/2022/478** dated **August 19, 2022**, regarding the issuance of SEBI circular no **SEBI/HO/MIRSD/DOP/P/CIR/2021/595** dated **July 16, 2021** and SEBI circular no. **SEBI/HO/MIRSD/DoP/P/CIR/2022/109** dated **August 18, 2022**, for **Block Mechanism in demat account of clients undertaking sale transactions**.

SEBI has now issued Circular no. **SEBI/HO/MIRSD/DoP/P/CIR/2022/143** dated **October 27, 2022**, regarding **Block Mechanism in demat account of clients undertaking sale transactions - Clarification [refer Annexure]**.

DPs are advised to take note of the same and ensure compliance.

Queries regarding this communiqué may be sent to **CDSL – Helpdesk** through e-mail on helpdesk@cdslindia.com or call us on 08069144800.

sd/-

Sheron Sawant
Sr. Manager - Operations

CIRCULAR

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
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