Circular No.: NSDL/POLICY/DDP/2022/0007 November 05, 2022

Subject: Clarification in respect of Mandatory Block Mechanism & Pay-in Validations.

Attention of Custodians registered with SEBI as Custodians is invited to SEBI Circular nos. SEBI/HO/MIRSD/DoP/P/CIR/2022/143 dated October 27, 2022 (NSDL Circular No.: NSDL/POLICY/2022/150 November 01, 2022) regarding Block Mechanism in demat account of clients undertaking sale transactions – Clarification, SEBI/HO/MIRSD/DoP/P/CIR/2022/119 dated September 19, 2022 (NSDL Circular No.: NSDL/POLICY/2022/132 September 22, 2022) regarding Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations and NSDL Circular nos. NSDL/POLICY/DDP/2022/0006 dated October 14, 2022 regarding Changes in file formats in respect of Mandatory Block Mechanism & Pay-in Validations.

In the aforesaid SEBI circulars, it is stated as below:

> **SEBI circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/143 dated October 27, 2022** (regarding Block Mechanism)
>
> *"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."*
>
> **SEBI circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/143 dated September 19, 2022** (regarding Pay-in validations)
>
> ***"Trades Confirmed by Custodians:***
> *4.7. This process shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades."*

In view of the above, it may be mentioned that SEBI has given exemption to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades in respect of

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Corporate Identity Number: U74120MH2012PLC230380

guidelines pertaining to Mandatory Block mechanism (Early Pay-in transactions) and Pay-in Validations (Non Early Pay-in transactions).

Accordingly, the changes in the file formats issued vide NSDL aforesaid circular dated October 14, 2022 shall not be applicable to custodian clients and the existing settlement mechanism for processing Early Pay-in/ Non Early Pay-in transactions shall be continued.

Custodians are requested to take note of the same and inform their CMs/Clients suitably.

For and on behalf of

National Securities Depository Limited

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Manager

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Internal/ Concurrent Audit Report (April - September)	November 15th every year	Through e-PASS	Circular No.: NSDL/POLICY/2022/136 dated October 03, 2022