

Ref: 06-07/ISS/34506/GC

April 27, 2006

- ☐ Hand Delivery
- ☐ Fax
- ☐ Courier
- ☐ Post
- ☐ E-mail

All Registered Intermediaries of ISS

Administrators/ Executive Director of Participating Exchanges, Co-ordination Officers at Participating Exchanges/Regional Administrative Offices

Dear Sir / Madam,

Sub: Partial funds pay-out to be introduced from May 8, 2006

Currently, the funds pay-out requests entered in the I-BOS system by the Registered Intermediaries are processed in the ascending order of client pay-out values and in case the balance amount left in the branch account does not fully meet the funds pay-out amount for a single client, the funds pay-out for this client is rejected in full. As an example, consider the total balance in the branch bank account to be Rs. 20 lakh and the Registered Intermediary has entered the pay-out requests as follows:

Client A	: Rs.3 lakh
Client B	: Rs. 4 lakh
Self	: Rs. 6 lakh
Client C	: Rs. 9 lakh
Client D	: Rs. 12 lakh

Total	Rs. 34 lakh

Under the current system, the pay-out instructions for client A, client B and Self would be executed in full and that for client C would be rejected in full. Under the new system, the pay-out instructions for client C would be fulfilled to the extent of Rs.7 lakh (i.e. 20 - 3 - 4 - 6).

In the interest of the Registered Intermediaries and their clients, ISS has modified the I-BOS software, so that it would be possible to process the funds pay-out requests partially. Accordingly, ISS shall, with effect from May 8, 2006 be processing the funds pay-out requests in the ascending order of funds pay-out values of the clients upto the extent of the balance lying in the branch bank account.

Registered Intermediaries are required to exercise due care to ensure that any client who has been allocated payment is paid the balance amount at the earliest.

Yours faithfully,
For **ISE SECURITIES & SERVICES LTD.,**

GOVIND S. CHAVAN
HEAD, MARKET OPERATIONS