

**Ref: 07-08/ISS/1849/JS**

September 07, 2007

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**All Registered Intermediaries of ISS  
Administrators/ Executive Director of Participating Exchanges, Co-ordination  
Officers at Participating Exchanges/ Regional Administrative Offices**

Dear Sir / Madam,

**Sub: Circular on clients in debit without securities and insufficient  
securities to be adjusted with sub-brokers trading deposit**

With a view to improving the risk management, ISS shall be implementing the following processes:

**A. Clients without securities:-**

1. ISS shall be debiting the ledger of those clients who are in debit and are uncovered from the trading deposit of the sub-broker and the list of those clients shall be kept in the FTP in download folder in the file "Net debtors" on a daily basis.
2. With the data provided in the FTP of September 07, 2007, ISS shall debit on September 15, 2007. All clients who have deposited money till September 14, 2007 will be considered, provided the amount is cleared as on September 15, 2007. However, any uncleared amount as on September 15, 2007 will not be taken into consideration and the deficit will be debited to sub-broker trading deposit.
3. Any payment made subsequently by the client should be intimated to the respective RM's and accordingly the amount will be credited in sub-broker's settlement account i.e. 4 digit code maintained for the purpose of exposure. Further, trading deposit will be increased only on receipt of intimation from the sub-broker to the accounts department to debit the settlement account and increase the trading deposit.

**B. Clients with insufficient securities:-**

1. The sub-brokers will get limited exposure till T+10 day, if their clients are having net negative balances with insufficient securities. Further, the above steps (1), (2), & (3) of point A of this circular will be applicable for those clients still in negative after selling of the securities on T+10.

ISS shall pass the following entries in the ledgers:

**1. Client's debit adjusted with sub-broker trading deposits:**

Sub-broker's trading deposit A/c - Dr  
To Client A/c.

**2. Client making payment to ISS (entry passed by sub-broker) :**

ISS Bank A/c. – Dr.  
To Client A/c.

**3. Crediting Sub-broker's settlement A/c for respective clients depositing money:**

Client A/c – Dr.  
To Sub-brokers settlement A/c, i.e. 4 digit code.

**Please Note:** Funds will be actually transferred from ISS Bank A/c to Sub-broker's settlement A/c.

**4. On request of Sub-broker to increase margin and debit settlement A/c:**

Sub-broker's settlement A/c. – Dr.  
To Sub-broker's Trading Deposit A/c.

**Please Note:** Funds will be collected from Sub-broker's settlement A/c. and transfer to ISS Bank A/c.

**5. All the above entries from 1 to 4 will be initiated against clients having negative balances after selling of securities on T+10.**

Yours faithfully,  
**For ISE SECURITIES AND SERVICES LIMITED**

**Jagdish Sonawalkar**  
**Head – Customer Relations**  
**& Business Development**