

Ref: 07-08/ISS/2362/JS
October 18, 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: Amendments in Business Rules relating to Risk Management & Surveillance in the Equities and Futures & Options (F&O) Segment

As a risk management measure and in order to safeguard the interests of the organization and all concerned, the board has decided to implement the following measures:

Penalty on bounced cheque: As it is being observed that numbers of bounced cheques are increasing day-by-day; hence to dissuade the client from issuing such kind of cheque, ISS shall be charging, the penalty of Rs.100/- on the bounced cheque.

Interest on Negative Margin on T+2 onward in the Futures & Options segment: In case the initial margin amount for any client or the Authorised Person becomes negative based on the traded positions, the concerned client / Authorised Person would be put in squaring up mode until the margin deficit is replenished or the open position is squared up.

If in case the margin deficit is not replenished by the concerned party by the end of T+2, ISS shall compulsorily close out the open position of the client / Authorised Person, as the case may be, on T+3, without any further reference to the Authorised Person or client. The account of the party would be appropriately closed after such squaring up and the interest @24% p.a. will be charged on the deficit amount from T+3 onward.

Revision in interest rate on shortfall / deficit amount at the Branch Bank Account: As it is being observed that some of the Registered Intermediaries are not maintaining the adequate funds in the branch bank account to meet the funds pay-in of the Exchange. To dissuade the practice of shortfall / deficit amount at the branch bank account by Registered Intermediary, ISS has decided to revise the interest rate to @24% on deficit balance in the branch bank account.

Currently, the delivery and squaring up brokerage is computed on the total value of the delivery and squaring up amount of a Contract Note. It has been decided to compute the brokerage on per scrip quantity basis, incase the per scrip quantity brokerage falls below one paisa, ISS shall be charging a minimum of 1 paisa per

scrip quantity brokerage. Similarly, in case the total brokerage per contract notes is less than Rs.10/-, ISS shall collect Rs.10/- per Contract Note.

It has also been decided to discontinue the incentives on turnover wise brokerage and accordingly, our earlier circular (ref. no.05-06/ISS/266/VS, dated August 16, 2005) issued shall stands cancelled.

This circular shall come into the effect from November 1, 2007.

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

Jagdish Sonawalkar
AGM - Customer Relations
& Business Development