

Ref: 07-08/ISS/894/JS
June 14, 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: Revised Internal auction close-out policy w.e.f. June 15, 2007

In deference to the requests received from our Registered Intermediaries, ISS shall be revising the Internal Auction Close-out Policy.

The revised Auction Close-out Policy is given below:

In case the selling client / sub-broker defaults in delivering the shares in the normal settlement by T+2 morning, ISS shall be raising the provisional debt by T+2 evening.

In case the scrip not delivered by the selling client / sub-broker is short vis-à-vis Exchange pay-in, the particular Exchange's auction procedures will be applicable. In case it is an internal shortage (i.e. shortage within ISS), then the revised internal auction close-out procedure as stated herein shall apply.

If the scrip which is internally short has also been auctioned at the Exchange (i.e. NSE or BSE), then the reference rate for that scrip from the auction file of the respective Exchange will be used by ISS for the internal close-out. Where the said scrip does not have a reference rate at the respective Exchange (i.e. NSE or BSE), ISS shall continue to use the present internal close-out procedures (i.e. the highest traded price for the said scrip from the trading day to the auction day) and accordingly, debit and credit the defaulting seller and the buyer respectively.

The provisions of this circular shall come into effect from the trading done on June 15, 2007.

Yours faithfully,
For ISE SECURITIES AND SERVICES LIMITED

Jagdish Sonawalkar
Head – Customer Relations
& Business Development