

Ref: 07-08/ISS/895/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: Compulsory Auto Payout of securities to the DP accounts of clients with effect from June 22, 2007

With the objective of derisking the operations of ISS, the Board of ISS had taken a decision to implement compulsory pay-out of securities to all clients having credit balances in their ledgers.

Accordingly, ISS shall be releasing all withheld securities of clients where their ledger balances are in credit as at the end of June 22, 2007. Thereafter, on a daily basis, ISS shall be releasing the securities pay-out to all clients whose ledger balances are in credit. In case the client has purchased the shares in one settlement and sold the same in the next settlement, ISS shall continue with the present procedure of effecting inter-settlement. Similarly, in case ISS has withheld the client securities where there is a debit balance and the client has sold the same securities in a subsequent settlement, ISS shall carry out inter-settlement.

In the case of clients whose demat accounts are with ISE DP and have also given Power of Attorney to ISS for effecting auto pay-in, ISS shall carry out auto pay-in of securities.

Sub-brokers are requested to inform their clients to switchover their DP accounts to ISE DP and issue POA to ISS, in case they want to avoid having to give settlement instructions for pay-in from time to time.

The revised system of securities pay-out will come into effect from June 22, 2007.

Yours faithfully,

For ISE SECURITIES AND SERVICES LIMITED

Jagdish Sonawalkar
Head – Customer Relations
& Business Development