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May 22, 2008

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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: Changes in relation to Securities Transaction Tax (STT)

This has reference to the NSE Circular No. NSE/F&A/10706 dated May 15, 2008 regarding the changes in the securities transaction tax. In this regard, we would like to inform you that as per the Finance Act 2008 (18 of 2008), which received the Presidential assent on May 10, 2008, the basis of levy of Securities Transaction Tax (STT) on sale of options and the value to be considered for "option in securities" with effect from 01st day of June, 2008 is revised as below.

Accordingly, STT on the transactions executed on the Exchange on or after June 01, 2008 shall be charged as indicated in Column D below.

Sr. No.	Taxable securities transaction	Effective rate till 31.05.2008	New rate from 01.06.2008	Payable by
A	B	C	D	E
1.	Sale of a derivative, where the transaction of such sale is entered into in a recognised stock exchange	0.017 per cent	Refer (a,b,c) below	Seller
a	Sale of an option in securities		0.017 per cent	Seller
b	Sale of an option in securities, where option is exercised		0.125 per cent	Purchaser
c	Sale of a futures in securities		0.017 per cent	Seller

Further the value of taxable securities transaction in relation to "option in securities" is aggregate of strike price and the option premium of such option in securities, as defined under section 99 (a) of Chapter VII of the Finance (No.2) Act, 2004, till May 31, 2008.

With effect from June 01, 2008, the said definition is amended as under:

- (a) Value of taxable securities transaction relating to an "option in securities" shall be the option premium, in case of sale of an option in securities.
- (b) Value of taxable securities transaction relating to an "option in securities" shall be the settlement price, in case of sale of an option in securities, where option is exercised.

In case you require any more clarification, you may contact the undersigned or your Relationship Manager.

Yours faithfully,

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

Jagdish Sonwalkar
AGM – Customer Relations
& Business Development