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August 14, 2009

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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.: Reduction in BSE pledge and unpledged processing timings from 48 hours to 24 hours.

In continuation to our endure to smoothen ISS Operations and to provide timely pledge and un-pledge of securities to our Registered Intermediaries of ISS (RIs), ISS has taken up various measures to speed up the process involved in these activities. One of the measure, ISS wish to introduce is to reduce the time taken for pledge and unpledge of securities. By these measures, ISS would now provide for the margin exposure to clients within 24 hours of the request received from the Members / Clients in BSE Segment.

In order to reduce the time taken for the pledge and un-pledge processing, we request our RIs / Clients to adhere to the following measures:

1. The RIs should provide the pledge / un-pledge instructions before the execution of the trade.
2. Pledge / un-pledge requests are to be received through the Relationship Managers (RM) of ISS by fax or e-mails in the prescribed format (scanned copy with the signature of the RIs / Client as per the SEBI requirement), and should obtain a valid Token Number from RMs.
3. The pledge / un-pledge Instructions should reach ISS before 1.00 p.m. Instructions received after 1.00 p.m. will be considered for the process for the next day.
4. Incase the client is in debit, the unpledged shares will be held in ISS collateral account and incase the client is in credit the shares will automatically moved to the clients account (i.e. the client ID from where the pledge shares have been received.) then any PAY-IN against this will be as usual by DIS / POA shares received in Demat account before 6.30 p.m. on the same day will get processed by POA PAY-IN or else the RI should make arrangement to issue DIS even for the POA Clients.
5. The RIs should ensure that Client ledger account should be in credit.
6. Incase the client is in debit, and either the RIs or Client wishes to sell those clients shares to meet the debit then to override the normal process of retention of securities in ISS Collateral account, RIs should provide an intimation request to ISS so that ISS would deliver the shares from the collateral account for the clients PAY-IN obligations.
7. Utmost care will be taken in the process even after we request members to execute the sales only after due confirmation of receipt of shares into their respective Beneficiary Demat accounts. ISS may not be held responsible for any delay/error occurrence due invalid ISIN or any such error during the process.

With regard to pledge and un-pledged of securities in NSE CM Segment, ISS is required to pass on the instruction to NSCCL, through their custodian HDFC bank. In order to reduce the time taken for un-pledge of shares in NSE, ISS is also exploring possibilities to reduce the time from 48 hours to within 24 hours which will be intimated to you shortly. Longer time taken due to instructions are required to be pass-on to NSE and HDFC Bank. At times instructions get rejected due to delay in HDFC or change / mismatch or few other technical errors due to which the pledge of shares may not reach to clients account in time which may results into the Auction of shares.

Further, some additional advantages in providing pledge and un-pledge instructions with BSE

1. Pledge and un-pledge in BSE Segment would take place within 24 hours.
2. ISS has direct co-ordination with BSE directly through BOI Shareholding Ltd. to sort out any issue with immediate effect.
3. The pledge / un-pledge charges are less in BSE compared to NSE Pledge.

Segment	Particulars	Charges	Service Tax@
Pledge Charges			
BSE	Per Transaction	Rs. 25.00	10.30%
NSE	Value of Shares	0.02%	10.30% Add: Surcharge on Service tax @ 3.00%
Un-pledge Charges			
BSE	Per Transaction	Rs. 25.00	10.30%
NSE	Value of Shares	0.04%	10.30% Add: Surcharge on Service tax @ 3.00%

We recommend the RIs to kindly make use of this facility available in BSE segment and make your clients to provide pledge and unpledged instructions in BSE Segment. In case you require any further clarifications, you may contact the undersigned on 67941115.

Thanking you,

Yours faithfully
For ISE SECURITIES AND SERVICES LTD.

Kevin M. N. Sunder
Head Custody Department