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July 27, 2009

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All Registered Intermediaries of ISS
President / Executive Director of Participating Exchanges, Co-ordination
Officers at Participating Exchanges / Regional Administrative Offices

Dear Sir,

Sub.: Abolition of no-delivery period for all types of corporate actions.

ISS wish to inform all registered intermediaries on the provisions mentioned in the SEBI Circular Ref. No. MRD/DoP/SE/Cir-07/2009 dated July 21, 2009 and NSE Circular NSCCL/SEC/2009/0318 dated July 22, 2009 regarding abolition of no-delivery period for all types of corporate actions. A copy of the circular issued by SEBI and NSE are enclosed for your ready reference.

Necessary instructions to the software vendor has been forwarded and the same would be implemented shortly in the IBOS before 1st August 2009. We request all members to take note of the above changes and incase you require any clarification you may contact the undersigned on 9323189537 or Mr. Vishal K, Section Head at custody@iseindia.com or on landline 022 6794 1138.

Thanking you,

Yours faithfully,
For ISE SECURITIES & SERVICES LIMITED

Kevin M. N. Sunder
HEAD CUSTODY DEPT.

Copy to
OPERATIONAL COMMITTEE MEMBERS (OCM)
Shri C.M. Cheriyan, Smt. Manisha T, Shri Sweedin S,

NSCCL/SEC/2009/0318

July 21, 2009

**NATIONAL SECURITIES CLEARING CORPORATION LIMITED
CAPITAL MARKET CLEARING & SETTLEMENT**

To,
All Members / Custodians

Subject: Abolition of no-delivery period for all types of corporate actions

Attention of members is drawn to the provisions mentioned in the circular ref no MRD/DoP/SE/Cir-07/2009 dated July 21, 2009 issued by Securities and Exchange Board of India regarding abolition of no-delivery period for all types of corporate actions. A copy of the circular issued by SEBI is enclosed.

For National Securities Clearing Corporation Limited

Rana Usman
Assistant Vice President

Deputy General Manager
Market Regulation Department-Division of Policy
E-mail: harinib@sebi.gov.in
MRD/DoP/SE/Cir-07/2009
July 21, 2009

**The President/Executive Director/
Managing Director of all the Stock Exchanges**

Dear Sir/Madam,

Sub: Abolition of no-delivery period for all types of corporate actions.

1. SEBI vide circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 has reduced the notice period from companies to stock exchanges to atleast 7 working days for all types of corporate actions.
2. Pursuant to the recommendations made by the Secondary Market Advisory Committee of SEBI at its meeting held on June 30, 2009, it is decided to do away with 'no-delivery period' for all types of corporate actions in respect of the scrips which are traded in the compulsory dematerialised mode and accordingly, short deliveries, if any, of the shares traded on cum-basis may be directly closed out. In case of such direct close-out, the mark-up price would be as stated in SEBI circular no. SMD/POLICY/Cir-08/2002 dated April 16, 2002.
3. The Stock Exchanges are also advised to:
 - a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
 - b. bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
 - c. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

5. The circular will come into effect from August 1, 2009, and accordingly will apply to all corporate actions for which the record date / book closure falls on or after August 10, 2009.

Yours faithfully,

Harini Balaji

**Deputy General Manager
Secondary Market Department**

**SMD/Policy/Cir-08/2002
April 16, 2002**

**The President/Executive Director/Managing Director
Of all the Stock Exchanges**

Dear Sir/Madam,

This is in continuation of our circular no. SMD/Policy/Cir-03/2002 dated January 30, 2002 wherein we have issued instructions to the stock exchanges that "no delivery period" on account of book of book-closure/record date for corporate action such as issue of dividend and bonus share in respect of the scrips which are traded in the compulsory dematerialised mode shall be abolished.

The stock exchanges have represented that they would be in position to implement this decision by May 1, 2002 since at present they are engaged with smooth transition to rolling settlement on T+3 basis which began on April 01, 2002.

Considering the importance of the smooth transition to the rolling settlement on T+3 basis, it has been decided that stock exchanges would have to implement the decision to abolish the "no delivery period" by May 01, 2002 and no further extension would be granted in this regard.

It was also advised vide our circular dated January 30, 2002 that for implementation of the decision to abolish "no delivery period" any short delivery by any member in the previous settlement where delivery was to be on cum basis can be closed out to the extent of the short delivery if the shares cannot be acquired in auction on cum basis. As per the existing close-out procedure, the mark-up price for such a close-out is 20%. Stock Exchanges represented that since it is a direct close-out, the mark-up price could be reduced to 10%.

In view of the above, it has been decided in case of such direct close-out, the mark-up price would be 10%.

In the circular dated January 30, 2002 we had also advised about the reference price for close out. We have received representations from exchanges that they are conducting the close out at the end of the normal trading and that they should be allowed to use the closing price of that day's trading as a reference price for the close out.

It has been decided that the reference price for the close out shall be the latest

available closing price at the exchange.

You are advised to implement the above decisions.

Yours faithfully,

S.V.MURALIDHAR RAO