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June 24, 2011

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All Registered Intermediaries of ISS

Dear Sir,

Sub.: Logic of FIFO Method for Pay-out of Securities.

Please find hereunder the logics of FIFO method for securities payout which was introduced with effect from 20th June 2011.

LOGIC FOR FIFO METHOD SECURITIES PAY-OUT:-

The releases of payout of securities are based on following criteria.

1. **Effective Date ledger : Effective date ledger balance of NSE and BSE**
2. **Un-Settled Debit : Pending settlement debit amount of NSE and BSE deducted.**
3. **Derivative Ledger Debit : Net effective date ledger debit of NSEF&O and NSECD.**
4. **Net Balance = Effective Date ledger – Un-Settled debit - Derivative Ledger Debit**
5. Debit upto Rs. 500 will be considered in all three payout of securities release.

ISS makes TWO Pool pay-out and ONE Ben pay-out of securities for every normal settlement:-

• POOL PAYOUT – ONE AT 2.30 pm on T + 2 day:-

1. If Clients ledger is in Credit

Shares will be moved to Clients account or MBEN account depending upon the MBEN enabled.

2. If Clients ledger is in Debit and has no old settlement shares lying in BEN Account

Shares upto 120% of Debit amount will be kept as Pool Pending and remaining will be moved to Clients account or MBEN account depending upon the MBEN enabled (No Partial release of securities).

3. If Clients ledger is in Debit and has old settlement shares lying in BEN Account

Whole payout shares will be kept in Pool as Pool Pending.

• BEN Payout at 7.00 p.m. on T+2 (After Bill posting and B2P [Ben to Pool] Process)

1. If Clients ledger is in Credit

ALL Shares will be moved to Clients account or MBEN account depending upon the MBEN enabled.

2. If Clients ledger is in Debit

Shares upto 120% of Debit amount will be kept as Ben Pending (ONLY the recently received shares) and all old shares will be released on FIFO Method to Clients account or MBEN account depending upon the MBEN enabled (No Partial release of securities).

• **POOL PAYOUT–TWO at 11.00 am on T+3:-**

1. If Clients ledger is in Credit

Shares will be moved to Clients account or MBEN account depending upon the MBEN enabled.

2. If Clients ledger is in Debit and has no old settlement shares lying in BEN Account

Shares upto 120% of Debit amount will be moved to BEN and remaining will be moved to Clients account or MBEN account depending upon the MBEN enabled. (No Partial release of securities).

3. If Clients ledger is in Debit and has old settlement shares lying in BEN Account

Whole payout shares will be moved to BEN.

This shift over from SIRO (Service In Random Order based on VAR Rates) method to FIFO (First In First Out) method is at the request of Registered Intermediaries of ISS.

For any further clarification kindly contact the under-signed or your relationship Managers at helpdesk@iseindia.com or on 67941115, 67941109 and 67941138.

Thanking you,

Yours faithfully

For ISE SECURITIES AND SERVICES LTD.

Kevin MN Sunder

Head Custody Department