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| Notice No | 45424/2000 | Notice Date | 29 Mar 2000 |
| Category | | Segment | |
| Subject | TRADING & SETTLEMENT | | |
| Content | | | |

SUB: Trading & Settlement in the Scrips under RBI limit of FII holding.

The Foreign Institutional Investors (FIIs) are at present allowed to avail of the provisions of Special Bargains from the Exchange for purchase or sale securities of the companies, where RBI prescribed ceilings of FII investments had been reached.

In order to facilitate execution of these deals on-line on the BOLT System, the Exchange has devised a new segment. The detailed modalities of the same are given hereunder:-

1.Segment : The deals will be executed through the normal order entry screen on the BOLT System. The trading in this segment will, however, be identified by the scrip codes falling in 6 lakh series. For example, for entering into trades in Reliance Industries Ltd., the scrip code will be "600325"

2.Eligible clients: The members will be allowed to execute trades in this segment only on behalf of their clients who are FIIs, Mutual Funds registered with SEBI, Banks and Domestic Financial Institution (DFI)

3.Type of Trade: The Sale Orders in this Segment will have to be entered only on behalf of the FII clients while Buy Orders could be on behalf of any FIIs/ SEBI registered Mutual Funds/ Banks/ or DFIs.

4.Reporting of client details: The members executing trades in this segment will be required to send copies of contract notes issued to their respective clients to the Inspection Department of the Exchange on facsimile no. 022-2673130 latest by 2.00 p.m on the following day of execution of the trade.

5.Eligible scrips and participants: The eligible scrips in this segment will be as under:

Securities Companies where RBI prescribed limits of FII holding as mentioned below has been reached.

Limit of 20% FII holding in paid up capital : in case of Public sector banks including SBI.

Limit of 24% FII holding in paid up capital; in case of other companies

Limit of 30% FII holding in paid up capital : in case the companies which have obtained approval of its Board & General Body by a Special Resolution.

All scrips which have been placed under Cut off list by RBI.

A scrip is placed in the Cut off list where FII holding is 2% below the prescribed maximum limit as stated above.

6.Addition & Deletion: The Exchange will monitor addition and deletion of scrips in this segment. The scrips will be included/ excluded in 6 lakh series on the basis of information received from RBI but only w.e.f the next Settlement i.e. next day. The members will be suitably advised in this regard from time to time

7.Order Matching: The Buy/Sell orders in this segment will be matched as per the order matching mechanism of the normal segment.

8.Price Bands: The Circuit filters applicable for the respective scrips in the Rolling Settlement will also be applicable in this segment.

9.Settlement :

- The Settlement of the trades will be done only in the Demat mode. The settlement cycle for such trades will be the same as that of the Rolling Settlement.
- The facility of settlement of trades through the custodians, i.e., 6A/7A confirmation will also be available in this Segment.
- The trade details of this segment will be included in the obligation statements of the members alongwith details of other trades in the Rolling Settlements.
- In case of shortages on account of non-delivery of the shares sold in this segment, the transactions will be closed out as per the rate applicable for close out in Rolling Settlements.
- The No-delivery period applicable to Rolling settlements, i.e, 5 lakh series codes will be applicable for this segment.
- Members will be required to ensure that delivery obligation originating from these sale transactions should be met by delivery of shares standing in the name of any FII only. Non-compliance of this condition may result into imposition of financial penalties including reversal of such transactions.

10. Trade Guarantee: The trades executed in this segment will be covered under the Trade Guarantee Fund of the Exchange.

11. Transaction Charges : The transaction charges as applicable on the transactions in the Weekly and Rolling Settlements will be applicable to transactions in this segment.

12. Trading Limits: The trades done in this segment will not be included in the intra-day turnover or gross exposure limits of the members. However, for availing of the exemption from payment of margins and Gross Exposure, the members will be required to mark the trades as FII trades at the time of order entry itself.

13. Punitive Actions: The Exchange will take following action against members in case trades in this Segment are done for any non-eligible client as, this may result in violation of RBI prescribed limits for FII holding.

Violation Effect on FII limit Punitive Action

Case I Buyer : Non-Eligible Client (Non- institutional, Retail client) Seller : Eligible Client (FII) FII limit is not affected Fine on the buyer, @ 1% of the value of transactions or Rs. 1 lakh, whichever is lower.

Case II Seller : Non-Eligible Client (Non-FII). Buyer : Eligible Client (FII/Mutual Fund/Bank or DFI) FII limit is breached. Transaction will be closed out at the close out rate as applicable for transaction in the normal Rolling Settlement. Further, a penalty of Rs. 25,000/- per transactions, so wrongly entered, will be levied on the concerned Seller member.

The above segment will become operational w.e.f 3rd April, 2000. Consequently, the facility of entering into Special Bargains presently available to the members will stand discontinued.

In case of any queries/clarification, the members may please contact any of the following Officials.

| Sr. No | Name of the Official | Extn Nos |
|--------|---|------------|
| 1. | Shri Niraj Karwa- Clearing & Settlement Dept. | 8260 |
| 2. | Ms. Netra Sahani- Clearing & Settlement | Dept. 8304 |
| 3. | Shri Prakash Salian- Clearing & Settlement | Dept. 8497 |

By order of the Executive Director

(S. T. Gerela)

Wednesday, March 29, 2000

Chief Executive Officer- Clearing & Settlement