

Dematerialised Holding of Bonds and Debentures

IDMC. PDRS. No. 1382 /03.64.00/2000-01

September 18, 2001

All Primary Dealers & Satellite Dealers
in Government Securities Market

Dear Sir,

Dematerialised Holding of Bonds and Debentures

Please refer to the Monetary and Credit Policy Statement for the year 2001-02 issued on April 19, 2001. In terms of the Policy Statement our Industrial and Export Credit Department (IECD) issued a circular Ref.No.IECD.2/08.15.01 /2001-02 dated July 23, 2001 making it compulsory for banks, Financial Institutions, Primary Dealers and Satellite Dealers to make fresh investments and hold Commercial Paper only in dematerialised form with effect from June 30, 2001. It has now been decided to extend the requirement of dematerialised form of holding to other instruments like bonds, debentures and equities. Accordingly, with effect from October 31, 2001 banks, FIs, PDs and SDs will be permitted to make fresh investments and hold bonds and debentures, privately placed or otherwise, only in dematerialised form. Outstanding investments in scrip form should also be converted into dematerialised form by June 30, 2002. As regards equity instruments, they will be permitted to be held by the above-mentioned institutions only in dematerialised form, from a date to be notified in consultation with SEBI.

Yours faithfully,

H.R.Khan
Chief General Manager