

Section 23 of Banking Regulation Act, 1949 – Providing Depository Services at Extension Counters.

DBOD.No.BL.BC 23 /22.01.001/2003

September 11, 2003.
Bhadra 20,1925(Saka)

All Scheduled Commercial Banks
(excluding RRBs and LABs)

Dear Sir

Section 23 of Banking Regulation Act, 1949 –
Providing Depository Services at Extension Counters.

Please refer to Para 10.1 of our master circular No. DBOD. BL.BC. 5/22.01.001/ 2002 dated July 18, 2002 on the types of business that may be provided at Extension Counters (ECs).

2. Based on requests received from banks, it has been decided to allow banks which are registered with SEBI as Depository Participants to provide the facility of Depository Services to its customers at Extension Counters. Accordingly, the following types of transactions may be undertaken at the ECs:

- Dematerialisation i.e. converting physical securities into electronic form.
- Rematerialisation, i.e. converting electronic securities balances in the Beneficial Owners accounts into physical form.
- To maintain record of holdings in the electronic form.
- Settlement of trades by delivering / receiving underlying securities from / in Beneficial Owners accounts.
- Providing electronic credit in respect of securities allotted by issuers under IPO.
- Receiving on behalf of demat account holders non-cash corporate benefits, such as, allotment of bonus and rights shares in electronic form or securities ensuing upon consolidation, stock split or merger / amalgamation of companies,

3. Please note that the bank should comply with the SEBI/ NSDL/ CDSL and any other regulations applicable. The EC should not extend credit facility against pledge of dematerialised securities or facilitate Securities Lending and Borrowing thereat.

Yours faithfully

sd/-

(C.R.Muralidharan)
Chief General Manager