

**All Commercial Banks  
(Excluding RRBs)**

Dear Sirs,

**Dematerialization of banks' investment in equity**

Please refer to paragraph (vi) of our circular DBOD No.Dir.BC.107/13.03.00/2000-01 dated April 19, 2001, in terms of which it was advised that with effect from October 31, 2001, banks, financial institutions, primary dealers and satellite dealers should make fresh investments and hold bonds and debentures, privately placed or otherwise, only in dematerialized form. Outstanding investments in scrip forms should also be converted into dematerialized form by June 30, 2002. As regards equity instruments, they would be permitted to be held by the above institutions only in dematerialized form from a date to be notified by Reserve Bank in consultation with SEBI.

2. It has been decided in consultation with SEBI that banks/ financial institutions should convert all their equity holding into dematerialized form by the end of December 2004. Accordingly, banks are advised that they should convert all their equity holding in scrip form into dematerialized form by December 31, 2004.

3. Please acknowledge receipt.

Yours faithfully,

**(Prashant Saran)**  
**Chief General Manager**