

RBI/2004-05/ 136

IDMD.PDRS.No/ 03 /10.02.16/2004-05

August 24, 2004

All Primary Dealers in Government Securities

Dear Sirs,

Dematerialization of Primary Dealer's (PD's) investment in equity

Please refer to our circular IDMD.PDRS.No/1382/03.64.00/2000-01 dated September 18, 2001, wherein it was advised that with effect from October 31, 2001, Primary 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, it was advised that the same would be permitted to be held 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 Primary Dealers should hold all their equity investments only in dematerialized form by the end of December 2004. Accordingly, Primary Dealers are advised that they should convert all their equity holdings in scrip form into dematerialized form by December 31, 2004, and make all fresh investments only in dematerialized form from that date.

3. Please acknowledge receipt.

Yours faithfully,

(Jasbir Singh)
Chief General Manager