

Ref. DBS.FID.No.C-4/01.02.00/2001-02

August 28, 2001

To,

The CEOs of All India Term Lending & Refinancing Institutions.

Dear Sir,

Holding of Instruments in Dematerialised Form

In terms of the circular IECD No 15/08.15.01/2000-01 dated April 30, 2001 (copy enclosed), the FIs were directed to make fresh investments and hold Commercial Paper(CP) only in dematerialised form with effect from June 30, 2001, since the existing arrangements for dematerialised holding of CP are considered adequate and satisfactory. Outstanding investments in scrip form are also to be converted into dematerialised form by October 31, 2001.

2. As a corollary and with a view to extending the demat form of holding to other investments like bonds, debentures and equities, it has been decided to permit the FIs to make fresh investments and hold bonds, debentures, privately placed or otherwise, only in dematerialised form with effect from October 31, 2001. Outstanding investments in scrip form should also be converted into dematerialised form by June 30, 2002. Equity instruments will be permitted to be held by the FIs only in dematerialised form from a date to be notified in consultation with SEBI.

3. Please acknowledge the receipt.

Yours faithfully

(K.C.Bandyopadhyay)
Chief General Manager.

Encl : As above