

RBI. 2004-05/498
UBD(PCB)/Cir. 51 /09.80.00/2004-05

June 20, 2005

The Chief Executive Officers of All
Primary (Urban) Co-operative Banks

Dear Sir/Madam

Sale of securities allotted in Primary issues - UCBs

Please refer to our circular UBD.No. POT.CIR.PCB.39/09.29.00/2000-2001 dated April 18, 2001 on the captioned subject. As per the extant instructions, the sale contract in respect of securities allotted to successful bidders in primary issues on the day of allotment, can be entered into, inter-alia, only between entities having SGL Account and settled under the RBI's DVP system.

2. It was proposed in the 'Annual Policy Statement for the year 2005-06' dated April 28, 2005 (extract of paragraph 76 enclosed) to permit sale of Government Securities allotted in primary issues with and between CGSL account holders also on the same day of allotment.

3. As proposed in the 'Annual Policy Statement', in order to facilitate further deepening of the Government Securities market, it has been decided with immediate effect, to permit, sale of Government Securities allotted to successful bidders in primary issues on the day of allotment, with and between CSGSL constituent account holders.

4. All other instructions on sale of securities allotted in primary issues on the same day remain unchanged.

5. Please acknowledge the receipt to the concerned Regional Office of the Reserve Bank of India.

Yours faithfully,

(N.S.Viswanathan)
Chief General Manager

Extracts of Annual Policy Statement for the year 2005-06

(enclosure to UBD(PCB)/Cir. /09.80.00/2004-05 dated June , 2005)

(b) Sale of Government Securities: Relaxation

76. At present, sale of government securities allotted in primary issues can be entered into on the same day only between entities maintaining SGL account with RBI. In order to facilitate further deepening of the government securities market, it is proposed:

- To permit sale of government securities allotted in primary issues with and between CSGL account holders also on the same day.