

To

All Custodians of Securities

Dear Sir / Madam,

Sub: Activities of Custodians of Securities

In order to ensure efficient custodial operations and to facilitate offsite supervision the following decisions have been taken:

A. Review of Custodial operations

Regulation 14 of SEBI (Custodian of Securities) Regulations, 1996 stipulates an annual review of the systems, procedures & controls of the custodian by an expert. This review covers the systems and procedures being followed by the custodian to meet its obligations towards its clients, regulators and other relevant bodies.

A copy of the review report is required to be filed with SEBI. It has been decided that henceforth the report for a particular calendar year would be filed by 31st March of the following year along with 'Action Taken Report', if any.

Further, it is reiterated that this review report should also cover the aspect of reporting of FII transactions to SEBI and RBI as stipulated vide Regulation 16 of the SEBI (FII) Regulations, 1995.

B. Monthly market value of investments

With a view to have a more realistic assessment of the institutional investments it is proposed that custodians should provide the market value of the securities held in custody with them on a monthly basis. The market value on the last day of each month may be submitted in the enclosed format (Annexure A). This format may be submitted by the seventh day of the following month. The value of securities as on April 30, 2001 may be submitted by May 25, 2001.

C. Discontinuation of reporting of FII investment data in dBase

Currently the custodians are reporting the FII equity and debt investment figures in dBase and text formats. It has been decided that the equity trade reports in dBase format be discontinued from May 21, 2001. Thereafter, the custodians may report the figures only in text mode. Debt reporting would however continue in the dBase format.

D. Reporting of Trades

There are occasions when SEBI is closed on account of holiday, but the exchanges being a nationwide trading network are open for trading. For such occasions, custodians are requested to submit separate reports - one would be the normal report and the other for the holiday. Care must be taken not to submit a consolidated report, but different reports with proper reporting dates.

E. Submission of company information for unlisted securities.

The SEBI (Foreign Institutional Investors) Regulations, 1995 permit FIIs to invest in unlisted securities. Currently the custodians are reporting trades for unlisted securities under 'no ISIN' or custodian generated codes. With a view to have a proper scrip identification, it would be necessary to have ISINs for

such securities also. To generate ISINs, information in the enclosed format (Annexure B) is required to be submitted to SEBI. Information on scrips where investment has already been made in the past should be submitted within 10 days of issue of this circular. Information with respect to new unlisted scrips should be submitted within 10 days from the date of reporting of the transaction.

A copy of this circular is also available on our web page 'Foreign Institutional Investors' at our web site: www.sebi.gov.in.

Yours faithfully,

P. GUPTA
DEPUTY GENERAL MANAGER
FITTC DEPARTMENT
FC DIVISION

Encl: 1. Annexure-A
2. Annexure-B

Annexure A

CUSTODIANS MONTHLY REPORT OF ASSETS UNDER CUSTODY FOR MONTH OF

Name of the Custodian: _____

Type of Client	Market value (Rs. in crores).
FII/SA	
FI	
MF	
NRIs	
OCBs	
Brokers	
Corporates	
Banks	
Foreign Depository	
Others	
TOTAL	

We hereby certify that the information provided above is complete and correct.

Signature
(Name and Designation)

Place:

Date:

Note:

1. **Statement to be signed by Head of the Custody Services.**
 2. **This statement is to be submitted on monthly basis.**
 3. **The statement is to be submitted by the seventh day of the following month.**
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Annexure B

FORMAT FOR ISSUANCE OF ISIN FOR UNLISTED SECURITIES

COMPANY / ISSUING ENTITY:	As per Registrar of Companies record
COUNTRY:	
REGISTERED OFFICE:	
CORPORATE OFFICE:	
TELEPHONE NO:	
FAX NO:	
CONTACT PERSON:	
EMAIL ID	
SECURITIES DETAILS :	Equity/ Debenture/ Warrants/Bonds/etc
SECURITY SUB TYPE:	Fully paid/ partly paid/etc
ISSUER TYPE :	Company/Municipal Corporation/Trust/etc
PAID UP / ISSUED CAPITAL:	
FACE VALUE OF SECURITY:	
NO OF SECURITIES ISSUED:	

I hereby agree and declare that the information provided above and the undertakings given above are complete and true.

Undertaking

I further agree that we will immediately notify the Securities and Exchange Board of India of any change in the information provided.

Managing Director / Chief Executive Officer

Place:

Date:

Certified by Statutory Auditor of the Company

Place:

Date: