

**Reserve Bank of India
Department of Non-Banking Supervision
Central Office, Centre 1
World Trade Centre
Mumbai 400 005**

RBI/2006-07/129

DNBS.PD.CC.3/SCRC/10.30.000/2006-2007

September 20, 2006

**The Securitisation Companies and Reconstruction
Companies (Reserve Bank) Guidelines and Directions, 2003**

The Reserve Bank of India, vide Notification No.DNBS.4/ED (SG)/-2004 dated March 29, 2004 had increased the minimum owned fund requirement for commencing the business of securitisation or asset reconstruction to an amount not less than 15% of the total financial assets acquired or to be acquired by the Securitisation Company or Reconstruction Company on an aggregate basis or Rs 100 crore whichever is lower irrespective of whether the assets are transferred to a trust set up for the purpose of securitisation or not. The Bank had therein directed that the Securitisation Company or Reconstruction Company may invest the amount of owned fund in addition to the modes specified in clause (ii) of Paragraph 10 of the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 in the Security Receipts issued by the trust set up for the purpose of securitisation.

2. It has been decided that Securitisation Companies or Reconstruction Companies shall invest in security receipts an amount not less than 5% issued under each scheme with immediate effect. In the case of Securitisation Companies or Reconstruction Companies which have already issued the security receipts, such companies shall achieve the minimum subscription limit in security receipts under each scheme, within a period of six months from the date of Notification issued in this regard. A copy of the Notification No.DNBS.5/CGM(PK)-2006 dated September 20, 2006 is enclosed.

(P. Krishnamurthy)
Chief General Manager-in-Charge

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Notification No.DNBS.5 /CGM (PK)/-2006 dated September 20, 2006

**The Securitisation Companies and Reconstruction
Companies (Reserve Bank) (Amendment) Guidelines and Directions, 2006**

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Reserve Bank to regulate the financial system to the advantage of the country and to prevent the affairs of Securitisation Company or Reconstruction Company from being conducted in a manner detrimental to the interest of investors or in any manner prejudicial to the interest of such Securitisation Company or Reconstruction Company, hereby in exercise of the powers conferred under Section 12 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, directs that the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 shall stand amended with immediate effect, as follows, namely:-

Amendment of the Directions

In the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003, paragraph 5(v) shall be substituted as under:-

- (v) the Securitisation Company or Reconstruction Company shall invest in the security receipts issued by the trust set up for the purpose of securitisation, an amount not less than 5% under each scheme:

provided further that-

a Securitisation Company or Reconstruction Company which has already issued the security receipts shall achieve the minimum subscription limit in security receipts under each scheme within a period of six months from the date of the Notification.

(P.Krishnamurthy)
Chief General Manager-In-Charge