

**RBI/2010-11/166**  
**DNBS.PD/ CC.No. 196 / 03.05.002 /2010-11**

**August 11, 2010**

All NBFCs-ND with asset size of Rs. 100 crore and above

Dear Sir,

### **Ready Forward Contracts in Corporate Debt Securities**

In terms of 'Repo in Corporate Debt Securities (Reserve Bank) Directions, 2010' dated January 08, 2010 issued by Internal Debt Management Department (IDMD) of RBI, NBFCs registered with RBI (other than Govt companies as defined in Section 617 of the Companies Act, 1956) are eligible to participate in repo transactions in corporate debt securities. IDMD has also issued revised guidelines on uniform accounting for repo / reverse repo transactions on March 23, 2010.

2. NBFCs participating in such repo transactions shall comply with the Directions and accounting guidelines issued by IDMD. Certain clarifications are being made in this regard as given below.

#### **Eligible participants**

(i) NBFCs-ND with asset size of Rs. 100 crore and above (i.e. NBFCs-ND-SI).

#### **Capital Adequacy**

(ii) Risk weights for credit risk for assets that are the collateral for such transactions as well as risk weights for the counterparty credit risk shall be as applicable to the issuer / counterparty in the NBFC (non-deposit accepting or holding) Prudential Norms Directions, 2007 as amended from time to time.

**Classification of balances in the accounts**

(iv) Classification of balances in the various accounts viz; repo account, reverse repo account etc. shall be done in the relevant schedules similar to that of banks.

3. In all other matters related to such repo transactions, NBFCs-ND-SI shall follow the Directions and accounting guidelines issued by IDMD viz; Repo in Corporate Debt Securities (Reserve Bank) Directions, 2010 dated January 08, 2010 and Revised Guidelines on Uniform Accounting for Repo / Reverse repo transactions on March 23, 2010 respectively.

Yours sincerely,

(Uma Subramaniam)  
Chief General Manager-in-Charge