

July 27, 2010

All Standalone Primary Dealers

Dear Sir

**Applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 to Primary Dealers**

Please refer to the notification [DNBS.193 DG\(VL\)-2007 dated February 22 , 2007 updated till June 30, 2010](#) and issued vide the circular RBI/2010-11/18 DNBS (PD) CC No.178/03.02.001/2010-11 dated July 1, 2010 on Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. In terms of paragraph 18 of the Notification, all the non-deposit taking non-banking financial companies shall adhere to the specific regulations limiting concentration in credit / investment to a single borrower or group of borrowers in a company. Further, as per Note 2 to the paragraph 18 of the Notification, the investments in debentures for the purposes specified in this paragraph shall be treated as credit and not investment.

2. In this context, it is clarified that these guidelines are applicable to all the standalone PDs. PDs, which have investment concentration of more than the prescribed norms, may bring down their investments to the prescribed level within three months from the date of the circular.

3. The above guidelines would be effective from the date of the circular.

Yours faithfully

(K.K.Vohra)  
Chief General Manager