



RBI/2014-15/551

DNBR (PD).CC.No.028/03.10.001/2014-15

April 10, 2015

All NBFCs with asset size of ₹.100 cr and above
(excluding Primary Dealers)

Dear Sirs,

NBFCs- Lending against Shares – Clarification

Please refer to our [circular DNBS \(PD\).CC.No.408/03.10.001/2014-15 dated August 21, 2014](#). We have since received a number of queries from the industry participants seeking clarification on the applicability of the circular. In this connection, the following is clarified

- i. The above mentioned circular is not applicable to unlisted shares.
- ii. LTV ratio of 50% is required to be maintained at all times. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share prices shall be made good within 7 working days.
- iii. The condition of acceptance of only Group 1 securities (specified in SMD/ Policy/ Cir - 9/ 2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than Rs. 5 lakh, is applicable only where the lending is done for investment in the capital market.
- iv. The reporting to the Stock Exchanges shall be quarterly.

Yours faithfully

(C.D.Srinivasan)
Chief General Manager

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING REGULATION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA,
MUMBAI 400 005**

DNBR(PD) 016/ CGM(CDS)-2015 dated April 10, 2015

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as 'the Directions'), ([Notification No.DNBS.192/DG\(VL\)-2007 dated February 22, 2007](#)), in exercise of the powers conferred by Section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby makes the following amendments in the Directions with immediate effect namely : –

1. Paragraph 17 F shall be read as

17 F. Loans against security of shares

All NBFCs with asset size of ₹.100 crore and above, lending against the collateral of listed shares shall,

- (i) maintain a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares. LTV ratio of 50% is required to be maintained at all times. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share prices shall be made good within 7 working days.
- (ii) in case where lending is being done for investment in capital markets, accept only Group 1 securities (specified in SMD/ Policy/ Cir - 9/ 2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than ₹. 5 lakh, subject to review by the Bank.

- (iii) report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing loans in format as given in Annex VI.

(C.D.Srinivasan)
Chief General Manager

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CENTRE I, WORLD TRADE CENTRE,
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DNBS(PD) 017/ CGM(CDS)-2015 dated April 10, 2015

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (hereinafter referred to as 'the Directions'), ([Notification No.DNBR.008/CGM\(CDS\) dated March 27, 2015](#)), in exercise of the powers conferred by Section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby makes the following amendments in the Directions with immediate effect namely : –

1. Paragraph 23 shall be read as

23. Loans against security of shares

All NBFCs with asset size of ₹.100 crore and above, lending against the collateral of listed shares shall,

- (i) maintain a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares. LTV ratio of 50% is required to be maintained at all times. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share prices shall be made good within 7 working days.
- (ii) in case where lending is being done for investment in capital markets, accept only Group 1 securities (specified in SMD/ Policy/ Cir - 9/ 2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than ₹. 5 lakh, subject to review by the Bank.

- (iii) report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing loans in format as given in Annex VI.

(C.D.Srinivasan)
Chief General Manager

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CENTRAL OFFICE
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CUFFE PARADE, COLABA,
MUMBAI 400 005**

DNBS(PD) 018/ CGM(CDS)-2015 dated April 10, 2015

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (hereinafter referred to as 'the Directions'), ([Notification No.DNBR.009/CGM\(CDS\) dated March 27, 2015](#)), in exercise of the powers conferred by Section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby makes the following amendments in the Directions with immediate effect namely : –

1. Paragraph 23 shall be read as

23. Loans against security of shares

NBFCs lending against the collateral of listed shares shall,

- (i) maintain a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares. LTV ratio of 50% is required to be maintained at all times. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share prices shall be made good within 7 working days.
- (ii) in case where lending is being done for investment in capital markets, accept only Group 1 securities (specified in SMD/ Policy/ Cir - 9/ 2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than ₹. 5 lakh, subject to review by the Bank.

- (iii) report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing loans in format as given in Annex VI.

(C.D.Srinivasan)
Chief General Manager

Data on Pledged Securities

Name of the NBFC Lender					
PAN					
Date of Reporting					
Share holding Information					
Name of the Company	ISIN	No of Shares held against loans	Type of the Borrower (Promoter/Non Promoter)	Name of the Borrower	PAN of the Borrower