

Reserve Bank of India
(Department of Government and Bank Accounts)
(Central Office)

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Subsidiary General Ledger Account: Eligibility Criteria and Operational Guidelines

In exercise of the powers conferred by section 4 of the Government Securities Act, 2006 (38 of 2006), the Reserve Bank of India (Bank) specifies below the conditions and restrictions for opening and maintenance of a subsidiary general ledger (SGL) account.

I. Eligibility Criteria:

The entities mentioned below are eligible to open and maintain a SGL account with the Bank:

- (i) A bank included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- (ii) Primary Dealers.
- (iii) Central Government.
- (iv) State Governments.
- (v) Insurance Companies regulated by the Insurance Regulatory and Development Authority.
- (vi) Mutual Funds regulated by the Securities & Exchange Board of India.
- (vii) Financial Institutions as defined in terms of section 45-I (c) (ii) of the Reserve Bank of India Act, 1934 (2 of 1934).
- (viii) Provident and Pension Funds having investment in Government securities of Rs. 500 crores or more.
- (ix) Foreign Central Banks with prior approval.
- (x) Pension Fund Managers regulated by the Pension Fund Regulatory and Development Authority.

2. Additionally, the entities mentioned below can also open and maintain a SGL account with the Bank.

- (a) National Securities Depository Limited.
- (b) Central Depository Services (India) Limited.

(c) Stock Holding Corporation of India Limited.

(d) Such other entities as approved by the Reserve Bank from time to time.

II. Conditions for opening & maintenance of the SGL account:

1. An eligible entity shall open and maintain only one SGL account unless specifically allowed by the Reserve Bank of India to open an additional SGL account.
2. An SGL account holder shall not be eligible to open a constituent account with any Constituents' Subsidiary General Ledger (CSGL) account holder. An SGL account holder can however open and maintain a dematerialized account with the Depositories through a Depository Participant for purposes as may be approved by the Bank. Further, an SGL account holder with the Reserve Bank can open a constituent account with certain entities for regulatory/margin purpose subject to obtaining specific approval from the Reserve Bank for the purpose.
3. Value Free Transfer (VFT) of Government securities from one SGL account to another SGL/CSGL account may be allowed by the Reserve Bank, on a case to case basis, towards transfer of securities to own demat account with the depositories or transfer of securities pertaining to margin requirement or the Collateralised Borrowing & Lending Operations of the Clearing Corporation of India Ltd (CCIL) or for any other purpose as may be approved by the Bank from time to time.
4. The SGL account holder shall maintain a settlement account with any designated settlement bank, as approved by the CCIL from time to time, to enable the Reserve Bank to settle the funds in respect of transactions pertaining to the SGL account. The SGL account holder may be allowed to maintain a current account or RTGS settlement account with the Reserve Bank for this purpose subject to obtaining specific approval of the Reserve Bank as per the extant policy.
5. The entity opening a SGL account shall submit an application form, indemnity bond and such other documents, including approval of the concerned regulator, as may be decided by the Bank from time to time.
6. The SGL account can be opened at the Public Debt Offices of the Bank as may be decided by the Reserve Bank from time to time.
7. The SGL account can be closed by the account holders by submitting a request letter mentioning therein the reason (s) for closure and the action, if any, required to

be taken by the Reserve Bank in respect of the Government securities held in such SGL account.

8. Any misuse of the SGL account facility will attract penal action in terms of section 27 of the Government Securities Act, 2006 (38 of 2006).

Sd/-

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Executive Director
