



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

Notification No.183 dated September 05, 2011

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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 (the Bank) hereby specifies the conditions applicable henceforth for opening and maintenance of a Subsidiary General Ledger (SGL) account.

I. Eligibility Criteria:

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

- 1) (a) A licensed bank
(b) A Primary Dealer
(c) A Financial Institution as defined in terms of Section 45-I (c) (ii) of the Reserve Bank of India Act, 1934 (2 of 1934).

Provided that the above entities obtain a no-objection certificate from the concerned regulatory department of the Bank, to the effect that they meet the eligibility criteria (as applicable) and that the Bank has no regulatory/supervisory discomfort.

- 2) Central Government.
- 3) State Governments.
- 4) Insurance Companies regulated by the Insurance Regulatory and Development Authority.
- 5) Mutual Funds regulated by the Securities & Exchange Board of India.
- 6) Provident and Pension Funds having investment of ₹ 500 crore or more in Government securities.
- 7) Foreign Central Banks with prior approval of the Bank.
- 8) Pension Fund Managers regulated by the Pension Fund Regulatory and Development Authority.



B. In addition, the entities mentioned below can open and maintain an SGL account with the Bank.

- (a) National Securities Depository Limited (NSDL).
- (b) Central Depository Services (India) Limited (CDSL).
- (c) Stock Holding Corporation of India Limited (SHCIL).
- (d) Such other entities as may be approved by the 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 Bank 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 (DP) for purposes as may be approved by the Bank. Further, an SGL account holder with the Bank can open a constituent account with certain entities for regulatory/margin purpose subject to obtaining specific approval from the 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 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 (CBLO) 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. An 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 Bank to settle the funds in respect of transactions pertaining to the SGL account. An SGL account holder may be allowed to maintain a current account or RTGS settlement account with the Bank for this purpose subject to obtaining specific approval of the Bank as per the extant policy.
5. The entity opening an 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. An SGL account can be opened at its Public Debt Offices, as may be decided by the Bank from time to time.
7. An 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 Bank in respect of the Government securities held in such SGL account.
8. Any misuse of the SGL facility by the entity concerned, will make the entity liable to be debarred from holding of such account as mentioned in Section 27 of the Government Securities Act, 2006 (38 of 2006), in addition to inviting the penalties as provided in Section 30 of the Act *ibid*.
9. These guidelines are issued in supersession of the earlier guidelines issued by the Bank vide Notification No. 237 dated December 04, 2009 (published in The Gazette of India – Extraordinary – Part III – Section 4).

Sd/-

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