

**RBI Press Release**  
**RBI Modifies NBFC Regulations**  
**(October 1, 2002)**

The Reserve Bank of India today announced that non-banking financial companies (NBFCs) should necessarily hold their investments in Government Securities only in dematerialised form, either in a Constituent's Subsidiary General Ledger Account (CSGL) with a scheduled commercial bank / Stock Holding Corporation of India Ltd., or with a depository. The NBFCs have been permitted, as a special case, time up to October 31, 2002 to dematerialise the securities/bonds held by them in physical form. No further transaction should be undertaken by them in physical form with any broker. The NBFCs would not require prior permission of the Reserve Bank for opening their demat account with a depository approved by Securities and Exchange Board of India

(SEBI) or its participants. They should however, within a week of their doing so, inform the Reserve Bank.

NBFCs have further been directed to include in their advertisements the fact that deposits solicited by them are not insured, to avoid any possible misunderstanding by the prospective depositors.

All NBFCs having public deposits of Rs.50 crore and above as on March 31, 2002 have been directed to submit a quarterly return on their capital market exposure. The first such return should be submitted for the quarter ending December 31, 2002.

The Reserve Bank has also directed all NBFCs not holding public deposits to inform invariably, within 30 days, of any change in the registered office of the company or in the names of directors/principal officers or its auditors.