

December 3, 2004

All Scheduled Commercial Banks
(Excluding Regional Rural Banks &
Local Area Banks)

Dear Sir

Bank's lending to Primary Dealers - Netting Concept for Reserve requirements

Please refer to our circular letter DBOD.No.Ret.BC.6/12.01.001/2003-04 dated July 23, 2003 advising banks that they can derive the benefit of netting of assets and liabilities in respect of their dealing with Standard Chartered - UTI Securities India Private Ltd., Banc of America Securities (India) Pvt. Ltd. and Citicorp Capital Markets Ltd.

2. HSBC Primary Dealership (India) Private Limited has been permitted to participate both as lender and borrower in Call/Notice/Term Money market and Bills Rediscounting Scheme with effect from May 25, 2001.

3. In order to enable banks to get the benefit of netting in respect of their lendings/borrowings to the above-mentioned Primary Dealer, the Government of India have, on the recommendation of Reserve Bank of India, notified the above Primary Dealer as a financial institution for the purpose of item (vi) of Clause (d) of Explanation to Sub-section (1) of Section 42 of the Reserve Bank of India Act, 1934 as also Clause (d) of Explanation to the Sub-section 1 of Section 18 read with Clause (j) of Section 56 of the Banking Regulation Act, 1949 (10 of 1949). Necessary notifications dated March 21, 2003 have been published in Part II, Section 3(ii) of Gazette of India (copies enclosed). In view of the above notifications, banks can derive the benefit of netting of the assets and liabilities in respect of their dealings with HSBC Primary Dealership (India) Private Ltd.

Please acknowledge receipt.

Yours faithfully

(T. B. Satyanarayan)
General Manager

Encl: As above.

(To be published in Part II Section 3 (II) of the Gazette of India)

F.No.13/5/2003-BOA (I)
Government of India
Ministry of Finance
Department of Economic Affairs
Banking Division

New Delhi, the 21st March 2003
1924 Saka

NOTIFICATION

In exercise of the powers conferred by item (vi) of clause (d) of Explanation to sub-section (1) of Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), the Central Government hereby notifies the entity known as HSBC Primary Dealership (India) Private Limited being company registered under the Companies Act, 1956 (1 of 1956) as financial Institution for the purpose of the aforesaid clause.

Sd/-
(D. Choudhury)
Under Secretary to the Govt. of India

To

The Manager
Government of India Press
Mayapuri Industrial Area
Ring Road
New Delhi

(To be published in Part II Section 3 (II) of the Gazette of India)

F.No.13/5/2003-BOA (I)
Government of India
Ministry of Finance
Department of Economic Affairs
Banking Division

New Delhi, the 21st March 2003
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NOTIFICATION

In exercise of the powers conferred by clause (d) of Explanation to sub-section (1) of Section 18 read with clause (j) of Section 56 of the Banking Regulation Act, 1949 (10 of 1949), the Central Government hereby notifies the entity known as HSBC Primary Dealership (India) Private Limited being company registered under the Companies Act, 1956 (1 of 1956) as financial Institution for the purpose of the aforesaid clause.

Sd/-
(D. Choudhury)
Under Secretary to the Govt. of India

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