

RBI/2004/317

DBOD.No. Dir.BC.64/13.07.05/2004-05

December 27, 2004

**All Commercial Banks  
(excluding RRBs)**

Dear Sir,

**Bank financing of equities and investments in shares**

Please refer to our Circular DBOD No. Dir. BC. 86/13.07.05/2003-04 dated May 18, 2004 in terms of which margin on all advances against shares/ financing of IPOs/ issue of guarantees was reduced from 50 per cent to 40 per cent and a minimum cash margin of 20 per cent (within the margin of 40 percent) was required to be maintained in respect of guarantees issued by banks.

**2.** On a review, it has been decided to increase the above said margin requirement from the existing 40 per cent to 50 per cent and the minimum cash margin from 20 per cent to 25 per cent. The instructions issued in this circular will come into effect **immediately.**

Yours faithfully,

**(C.R.Muralidharan)**  
**Chief General Manager-in-Charge**