

April 4, 2007

To

All Deposit taking Non-Banking Financial Companies (NBFCs)
(excluding Residuary Non-Banking Companies)

Advertisement in electronic media

NBFCs may refer to letter DNBS (PD) No. 788 / 02.34 / 2004-05 dated May 12, 2005 on the captioned subject advising therein that NBFCs should explicitly include in their advertisements issued in print or electronic media (including web-sites) or statement in lieu of advertisement (SILA), a statement to the effect.

“The company is having a valid Certificate of Registration dated _____ issued by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of the liabilities by the company.”

NBFCs were also advised to note that failure to incorporate the condition as above explicitly in the advertisement/SILA whether issued in print or electronic media (including web-site) will be treated as violation of the conditions subject to which the Certificate of Registration has been issued and shall invite adverse action.

2. It is possible that the advertisement released by NBFCs accepting deposits purely for promoting its business may attract deposits. To ensure transparency in the interest of depositors in the context of such advertisements and draw attention of the depositors to the above provision, it is proposed to incorporate suitable provision in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

- “(i) As regards deposit taking activity of the company, the viewers may refer to the advertisement in the newspaper/information furnished in the application form for soliciting public deposits;
- (ii) The company is having a valid Certificate of Registration dated _____ issued by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of the liabilities by the company.”
3. A copy of the amending Notification No. DNBS. 194/CGM(PK)-2007 dated April 4, 2007 as well as updated Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998 is enclosed for meticulous compliance.

Yours faithfully,

(P. Krishnamurthy)
Chief General Manager In-Charge

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA,
MUMBAI 400 005.**

Notification No. DNBS.194 / CGM(PK)-2007 dated April 4, 2007

The Reserve Bank of India, having satisfied that, in the public interest, and to enable the Bank to regulate the credit system of the country to its advantage, it is necessary to amend the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 , in exercise of the powers conferred by sections 45J, 45JA, 45K and 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998 shall stand amended with immediate effect as follows, namely -

A new clause 13(i)(A) in paragraph 4 shall be inserted:

“Where an NBFC displays any advertisement in electronic media such as TV, even without soliciting deposits, it should incorporate a caption/band in such advertisements indicating the following:

- (i) As regards deposit taking activity of the company, the viewers may refer to the advertisement in the newspaper/information furnished in the application form for soliciting public deposits;
- (ii) The company is having a valid Certificate of Registration dated _____ issued by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of the liabilities by the company.”

(P. Krishnamurthy)
Chief General Manager In-Charge