



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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May 11, 2012

### All Core Investment Companies

#### Core Investment Companies (Reserve Bank) Directions, 2011 – Clarification on CICs Issuing Guarantees

In terms of the Core Investment Companies (Reserve Bank) Directions, 2011 dated January 05, 2011, every Systemically Important Core Investment Company (CIC-ND-SI) shall, apply to the Reserve Bank of India for grant of Certificate of Registration. Systemically important core investment company means a CIC fulfilling both the following conditions:

- i. Having total assets of not less than Rs.100 crore, either individually or in aggregate along with other Core Investment Companies in the Group; and
- ii. Raises or holds public funds;

CICs not fulfilling the above mentioned conditions are exempted from registration as CICs-ND-SI.

2. CICs may be required to issue guarantees or take on other contingent liabilities on behalf of their group entities. Before doing so, CICs must ensure that they can meet the obligation there under, as and when they arise. In particular, CICs which are exempt from registration requirement must be in a position to do so without recourse to public funds in the event the liability devolves. If unregistered CICs with asset size above Rs. 100 crore access public funds without obtaining a Certificate of Registration (CoR) from

RBI, they will be seen as violating Core Investment Companies (Reserve Bank) Directions, 2011 dated January 05, 2011.

3. As defined in the CIC Directions, "Public funds" shall include funds raised either directly or indirectly through public deposits, Commercial Papers, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments which are compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue.

Yours faithfully,

**(Uma Subramaniam)**  
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 (PD).245 / CGM(US)-2012 dated May 11 , 2012**

The Reserve Bank of India having considered it necessary in the public interest and being satisfied that for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Core Investment Companies (Reserve Bank) Directions, hereafter referred to as Directions, in exercise of the powers conferred by sections 45JA, 45K, 45L 3 and 45M of the Reserve Bank of India Act, 1934 (2 of 1934), and of all the powers enabling it in this behalf, hereby amends the directions as specified below.

In part II, under para (1) a new para (4) may be added as follows:

Every CIC exempted from registration requirement with RBI shall pass a Board Resolution that it will not, in the future, access public funds. However CICs may be required to issue guarantees or take on other contingent liabilities on behalf of their group entities. Before doing so, all CICs must ensure that they can meet the obligation thereunder, as and when they arise. In particular, CICs which are exempt from registration requirement must be in a position to do so without recourse to public funds in the event the liability devolves, else they shall approach RBI for registration before accessing public funds. If unregistered CICs with asset size above Rs. 100 crore access public funds without obtaining a Certificate of Registration (CoR) from RBI, they will be seen as violating Core Investment Companies (Reserve Bank) Directions, 2011 dated January 05, 2011.

**(Uma Subramaniam)**  
Chief General Manager-in-Charge