



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2019-20/110

DOR.NBFC(ARC) CC. No. 8/26.03.001/2019-20

December 6, 2019

All Asset Reconstruction Companies

Madam/ Sir,

Acquisition of financial assets by Asset Reconstruction Companies from sponsors and lenders

Please refer to para 2(A) of [Circular DNBS \(PD\) CC.No.37/SCRC/26.03.001/2013-2014 dated March 19, 2014](#).

2. On a review, it has been decided that Asset Reconstruction Companies (ARCs) shall not acquire financial assets from the following on a bilateral basis, whatever may be the consideration:

- (i) a bank/ financial institution which is the sponsor of the ARC;
- (ii) a bank/ financial institution which is either a lender to the ARC or a subscriber to the fund, if any, raised by the ARC for its operations;
- (iii) an entity in the group to which the ARC belongs.

However, they may participate in auctions of the financial assets provided such auctions are conducted in a transparent manner, on arm's length basis and the prices are determined by market forces.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager