

RBI/2009-10/394

IDMD.PDRD.No. 4537 /03.64.00/2009-10

April 12, 2010

All Standalone Primary Dealers

Dear Sir

Investment Portfolio of Primary Dealers- Quantum of Government securities to be held in the HTM category by PDs

Please refer to the circulars [RBI/2009-10/136- IDMD.PDRD.No.1050/03.64.00/2009-10](#) dated August 31, 2009 and [RBI/2009-10/343- IDMD.PDRD.No.3843/03.64.00/2009-10](#) dated March 9, 2010 allowing the standalone Primary Dealers (PDs) to categorize Government securities up to 100% of their paid up capital in the Held to Maturity (HTM) category, subject to certain conditions, until further advice. The above guidelines have been reviewed and it has been decided to permit the PDs to hold Government securities in the HTM category to the extent of their audited net owned funds (NOF) as at the end March of the preceding financial year. The NOF will be computed in terms of the explanatory note to section 45-IA of chapter III-B of the Reserve Bank of India Act, 1934. All other conditions specified in the circulars referred to above will continue to apply.

2. Banks undertaking PD activities departmentally may continue to follow the extant guidelines applicable to banks in regard to the classification and valuation of the investment portfolio issued by our Department of Banking Operations and Development.

Yours faithfully

(R.N. Kar)
General Manager