

RBI revises norms for ARCs on acquisition of financial assets

This is in refer to Circular DNBS (PD) CC.No.37/SCRC/26.03.001/2013-2014 dated March 19, 2014 of notification on Buyback of assets from Securitisation Companies/Reconstruction Companies (SC/RCs) by the Defaulters and acquisition of assets by SC/RCs from sponsor banks.

On a review, it has been decided by RBI 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.

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Warm Regards,



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