

## 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 <u>Circular DNBS (PD) CC.No.37/SCRC/26.03.001/2013-</u> 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