

- (i) Any management fee/ incentives charged towards the asset reconstruction or securitisation activity shall come only from the recovery effected from the underlying financial assets.
- (ii) The Board-approved policy shall indicate the quantitative cap/ limit on the management fee/ incentives under various scenarios, any deviation from which shall require approval of the Board.

10. Minimum Net Owned Fund (NOF) Requirement

The minimum NOF (as required under para 4 of the [circular DNBR. PD \(ARC\) CC. No. 03/26.03.001/2016-17 dated April 28, 2017](#) on Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002- Section 3(1)(b) - Requirement of NOF for ARCs) is hereby increased to ₹300 crore on an ongoing basis from the existing requirement of ₹100 crore. Consequently, any ARC obtaining the certificate of registration on or after the date of this circular shall not commence the business of securitisation or asset reconstruction without having minimum NOF of ₹300 crore. The following glide path is provided for the existing ARCs to achieve the minimum required NOF of ₹300 crore:

| Current Minimum NOF | By March 31, 2024 | By March 31, 2026 |
|----------------------------|--------------------------|--------------------------|
| ₹100 crore | ₹200 crore | ₹300 crore |

In case of non-compliance at any of the above stages, the non-complying ARC shall be subject to supervisory action, including prohibition on undertaking incremental business till it reaches the required minimum NOF applicable at that time.

11. Deployment of Surplus Funds

Para (e) of the [circular DNBS\(PD\) CC.No.18/SCRC/26.03.001/2009-2010 dated April 21, 2010](#) on the subject has been amended. In order to allow ARCs to manage their surplus funds efficiently, in addition to the avenues already permitted, they are now permitted to deploy the available surplus funds in short-term instruments viz., money market mutual funds, certificates of deposit and corporate bonds/ commercial papers which have a short-term rating equivalent to the long-term rating of AA- or above by an eligible CRA, subject to the following conditions: