



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2013-14/645

UBD.CO.BPD.(SCB) Cir No.3/09.50.001/2013-14

June 18, 2014

The Chief Executive Officers
All Scheduled Primary (Urban) Co-operative Banks

Madam / Dear Sir,

Online Trading Facility to Demat Account Holders - UCBs

We have received requests from Indian Banks' Association and Cooperative Federations to allow UCBs to provide online trading facility to their Demat Account holders.

2. The matter has been examined by us. However, considering the high risk involved in such services, it has been decided to allow only Scheduled Primary (Urban) Co-operative Banks, with prior approval of the Reserve Bank, to provide online trading facility to their demat account holders by entering into a tie-up with a broking entity subject to fulfilling the following criteria:

- (i) Assessed networth of such UCBs should not be less than Rs 500 crore as per last inspection.
- (ii) UCBs are Financially Sound and Well Managed, as per criteria prescribed in our [circular UBD.CO.LS.\(PCB\).Cir.No.24/07.01.000/2013-14 dated October 1, 2013](#).
- (iii) UCBs should be registered with SEBI as Depository Participants.
- (iv) UCBs should have implemented Core Banking Solutions (CBS) fully and are offering Internet Banking services to their customers.

3. For obtaining regulatory approval, UCBs, fulfilling the above criteria, may submit their applications to the Reserve Bank with a copy of Board Resolution to the effect that they would not be offering tips/ recommendations to their customers for on-line trading and would also not be undertaking portfolio management services.

Yours faithfully,

(A K Bera)
Principal Chief General Manager

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बैंक हिन्दी में पत्राचार का स्वागत करता है —

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