



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**  
www.rbi.org.in

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October 5, 2021

All SGL/CSGL Account holders

Madam/Sir,

**Value Free Transfer (VFT) of Government Securities – Guidelines**

A reference is invited to [Notification No.78 dated November 16, 2018](#) on **Value Free Transfer (VFT) of Government Securities – Guidelines** under which separate guidelines for VFT were issued to enable more efficient operations in the Government securities market. On a review, it has been decided to issue revised Value Free Transfer Guidelines to further streamline VFT of government securities.

2. VFT of the government securities shall mean transfer of securities from one SGL/CSGL to another SGL/CSGL account, without corresponding payment leg in the books of RBI.

**Eligible Transactions for VFT:**

3. The following transactions shall be eligible for VFT of government securities:

- i. Transfers on account of gifts and inheritance, between one CSGL account to another.
- ii. Inter-depository transfers (between CSGL accounts of depositories) arising out of the following:
  - a) own account transfer of securities by investors/brokers holding accounts in more than one depository.
  - b) trades in exchanges between constituents of different depositories.
- iii. Transfer from CSGL accounts of clearing corporations to the CSGL account of the depositories or to other CSGL holders for onward transfer to clients for distribution of securities allotted during primary auction settlement;
- iv. Transfer of securities on account of mergers/demergers, acquisitions and amalgamations;
- v. Transfer of securities on account of change of custodians by Foreign Portfolio Investors, subject to approval by SEBI;

- vi. Own account transfer of securities from SGL/CSGL accounts to SGL/CSGL accounts where there is no change in beneficiary ownership;
- vii. Transfer of Gilt Account Holder's (GAH) securities from one CSGL account to another CSGL account, in case a GAH decides to close his gilt account with one CSGL account holder and open a new gilt account with another CSGL account holder.
- viii. Transfer of securities pertaining to margin requirement/collateral posting, including in the following cases:
  - a) Transfer of margin/collateral between Clearing Corporation of India Ltd (CCIL) and members of CCIL.
  - b) Transfer of margin/collateral under the Credit Support Annexes (CSA) and the Global Master Repurchase Agreement (GMRA)

PROVIDED that the margin/collateral should be kept in a separate CSGL account opened with RBI's specific permission for the purpose. All such transactions should have an RBI regulated entity at least on one side of the transaction and should be subjected to concurrent and management audit. Appropriate documentation should be maintained.

PROVIDED FURTHER that the SGL account holders as recipients of Variation Margin (VM) under CSA/GMRA, may receive the same into their SGL accounts, subject to their obtaining one-time approval from RBI to accept VM in their SGL accounts.

- c) Posting of Government securities as margin/collateral in all segments of the recognized stock exchanges.
- ix. Transfers as below:
- a) Deposit/replacement of securities in terms of clause (b) of sub-section (2) of Section 11 of the Banking Regulation Act, 1949
  - b) Transfers to the Employees' Provident Fund Organisation (EPFO) under the Employees' Provident Funds Scheme, 1952
  - c) Transfers of securities to the Deposit Insurance and Credit Guarantee Corporation (DICGC) under provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

4. Permission for VFT for any other purpose may be granted on a case-to-case basis by the Bank. Applications for the same may be submitted to Public Debt Office, Mumbai Regional Office, RBI, Fort, Mumbai – 400 001 by [email](#).

5. Eligible VFTs (i.e., transactions listed under para 3) and permitted VFTs (in terms of para 4) can be initiated through Core Banking System of RBI viz., e-Kuber. The VFTs so undertaken shall be subject to concurrent audit by SGL/CSGL holders on a 100% sampling basis. The auditor shall verify that the transactions fall under eligible VFT transactions under para 3/para 4 of the Guidelines, as above. Any deviations may be brought to notice of the Bank by the SGL/CSGL holders immediately.

6. These guidelines are issued by the Bank in exercise of the powers conferred under Notifications dated September 22, 2021 on [Subsidiary General Ledger Account: Eligibility Criteria and Operational Guidelines and Constituents' Subsidiary General Ledger Account: Eligibility Criteria and Operational Guidelines](#) and supersede earlier instructions issued on the subject matter vide [Notification No. 78 dated November 16, 2018](#). Any violations of the conditions specified therein shall attract provisions of Section 27 of the Act, in addition to inviting penalties as provided in Section 30 of the Act.

Yours faithfully

(Rajendra Kumar)  
Chief General Manager