

**Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,
2002 (SARFAESI Act, 2002)**

CHAPTER-II

**Regulation of securitisation and Reconstruction of Financial Assets of Banks and Financial
Institutions**

Section 4: Cancellation of certificate of registration.

4. (1) The Reserve Bank may cancel a certificate of registration granted to a ¹[**asset reconstruction company**], if such company—

- (a) ceases to carry on the business of securitisation or asset reconstruction; or
- (b) ceases to receive or hold any investment from a ¹[**qualified buyer**]; or
- (c) has failed to comply with any conditions subject to which the certificate of registration has been granted to it; or
- (d) at any time fails to fulfil any of the conditions referred to in clauses (a) to (g) of sub-section (3) of section 3; or
- (e) fails to—
 - (i) comply with any direction issued by the Reserve Bank under the provisions of this Act; or
 - (ii) maintain accounts in accordance with the requirements of any law or any direction or order issued by the Reserve Bank under the provisions of this Act; or
 - (iii) submit or offer for inspection its books of account or other relevant documents when so demanded by the Reserve Bank; or
 - (iv) obtain prior approval of the Reserve Bank required under sub-section (6) of section 3:

Provided *that* before cancelling a certificate of registration on the ground that the ¹[**asset reconstruction company**] has failed to comply with the provisions of clause (c) or has failed to fulfil any of the conditions referred to in clause (d) or sub-clause (iv) of clause (e), the Reserve Bank, unless it is of the opinion that the delay in cancelling the certificate of registration granted under sub-section (4) of section 3 shall be prejudicial to the public interest or the interests of the investors or the ¹[**asset reconstruction company**], shall give an opportunity to such company on such terms as the Reserve Bank may specify for taking necessary steps to comply with such

provisions or fulfilment of such conditions.

(2) A ¹[[asset reconstruction company](#)] aggrieved by the order of ²[***] cancellation of certificate of registration may prefer an appeal, within a period of thirty days from the date on which ³[[such order of cancellation](#)] is communicated to it, to the Central Government:

Provided that before rejecting an appeal such company shall be given a reasonable opportunity of being heard.

(3) A ¹[[asset reconstruction company](#)], which is holding investments of ¹[[qualified buyers](#)] and whose whose application for grant of certificate of registration has been rejected or certificate of registration has been cancelled shall, notwithstanding such rejection or cancellation be deemed to be a ¹[[asset reconstruction company](#)] until it repays the entire investments held by it (together with interest, if any) within such period as the Reserve Bank may direct.

Amendments:

1. Substituted by [Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions \(Amendment\) Act, 2016](#), w.e.f. 1-9-2016 through sec. 3 as under:

"3. Throughout the principal Act,—

(i) for the words "securitisation company", "reconstruction company", "securitisation or reconstruction company" , "securitisation company or the reconstruction company" or "securitisation company or a reconstruction company", wherever they occur, the words "asset reconstruction company" shall be substituted;

(ii) for the words "securitisation companies or reconstruction companies", wherever they occur, the words "asset reconstruction companies" shall be substituted;

(iii) for the words "qualified institutional buyer", wherever they occur, the words "qualified buyer" shall be substituted;

(iv) for the words "qualified institutional buyers", wherever they occur, the words "qualified buyers" shall be substituted."

2. The words "rejection of application for registration or" omitted by Act 30 of 2004, s. 4 (w.e.f. 11-11-2004).

3. Subs. by s. 4, *ibid.*, for "such order of rejection or cancellation" (w.e.f. 11-11-2004).