**Non-banking Financial Companies**

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| --- | --- |
| **S.No.** | **RBI Notifications** |
|  | Provisioning Requirement for Investment in Security Receipts (SRs) |
|  | Extension of timeline for implementation of certain provisions of Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 |
|  | Processing of e-mandates for recurring transactions |
|  | Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer |
|  | Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors |
|  | Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs |
|  | Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs |
|  | Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 |
|  | Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL) |
|  | Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL) |
|  | Loans and Advances – Regulatory Restrictions – NBFCs |
|  | Disclosures in Financial Statements- Notes to Accounts of NBFCs |
|  | Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs |
|  | Section 24 and Section 56 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) |
|  | Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances |
|  | Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs) |
|  | Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines |
|  | Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 |
|  | Implementation of ‘Core Financial Services Solution’ by Non-Banking Financial Companies (NBFCs) |
|  | Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications |
|  | Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs) |
|  | Framework for Facilitating Small Value Digital Payments in Offline Mode |

**Provisioning Requirement for Investment in Security Receipts (SRs)**

RBI/2022-23/78  
DOR.STR.REC.51/21.04.048/2022-23

June 28, 2022

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks  
All Local Area Banks and Regional Rural Banks  
All All-India Financial Institutions  
All Non-Banking Financial Companies

**Provisioning Requirement for Investment in Security Receipts (SRs)**

Please refer to clause 77 of the [Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12166) (“MD-TLE”).

2. In order to provide a glide path to the entities which were kept out of the ambit of [circular “Guidelines on Sale of Stressed Assets by Banks” dated September 1, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10588&Mode=0) and ensure smooth implementation of clause 77 of the MD-TLE, it is advised as under in respect of valuation of investments in SRs outstanding on the date of issuance of MD-TLE (September 24, 2021):

1. The difference between the carrying value of such SRs and the valuation arrived at as on the next financial reporting date after the date of issuance of MD-TLE, in terms of clause 77 of the MD-TLE, may be provided over a five-year period starting with the financial year ending March 31, 2022 - i.e. from FY2021-22 till FY2025-26.
2. Subsequent valuations of investments in such SRs on an ongoing basis shall, however, be strictly in terms of the provisions of MD-TLE.

3. All lending institutions shall put in place a board approved plan to ensure that the provisioning made in each of the financial years in compliance of clause 2(a) above is not less than one fifth of the required provisioning on this count.

4. Valuation of investments in SRs made after the issuance of MD-TLE shall be strictly in terms of the provisions thereunder.

5. All other provisions of the MD-TLE shall continue to be applicable, as hitherto.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12346&Mode=0>

**Extension of timeline for implementation of certain provisions of Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

RBI/2022-23/74  
DoR.AUT.REC.No.48/24.01.041/2022-23

June 21, 2022

All Scheduled Banks (excluding Payments Banks/State Co-operative Banks and District Central Co-operative Banks)  
All Non-Banking Financial Companies (NBFCs)

Madam/Dear Sir

**Extension of timeline for implementation of certain provisions of Master Direction – Credit  
Card and Debit Card – Issuance and Conduct Directions, 2022**

Please refer to paragraph 1 (b) of the [Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12300) (“Master Direction”) dated April 21, 2022, wherein the Reserve Bank had prescribed a timeline of July 01, 2022, for implementation of the provisions of the Master Direction.

2. Considering various representations received from the industry stakeholders, it has been decided to extend the timeline for implementation of the following provisions of the Master Direction to October 01, 2022:

1. Paragraph 6(a)(vi) - Card-issuers shall seek One Time Password (OTP) based consent from the cardholder for activating a credit card, if the same has not been activated by the customer for more than 30 days from the date of issuance. If no consent is received for activating the card, card-issuers shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer.
2. Paragraph 6(b)(v) - Card-issuers shall ensure that the credit limit as sanctioned and advised to the cardholder is not breached at any point in time without seeking explicit consent from the cardholder.
3. Paragraph 9(b)(ii) - No capitalization of unpaid charges/levies/taxes for charging/ compounding of interest.

3. The stipulated timeline for implementation of rest of the provisions of the Master Direction remains unchanged.

Yours faithfully

**(Prakash Baliarsingh)**  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12342&Mode=0>

**Processing of e-mandates for recurring transactions**

RBI/2022-23/73  
CO.DPSS.POLC.No.S-518/02.14.003/2022-23

June 16, 2022

The Chairman / Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks, including Regional Rural Banks /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks / Payments Banks /  
Small Finance Banks / Local Area Banks /  
Non-bank Prepaid Payment Instrument Issuers / Authorised Card Payment Networks /  
National Payments Corporation of India

Madam / Dear Sir,

**Processing of e-mandates for recurring transactions**

A reference is invited to our circulars [DPSS.CO.PD.No.447/02.14.003/2019-20 dated August 21, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11668&Mode=0), [DPSS.CO.PD No.1324/02.23.001/2019-20 dated January 10, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11784&Mode=0), [DPSS.CO.PD No.754/02.14.003/2020-21 dated December 04, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12002&Mode=0) and [CO.DPSS.POLC.No.S34/02-14-003/2020-2021 dated March 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12051&Mode=0) (collectively referred to as “e-mandate framework”). The e-mandate framework prescribed an Additional Factor of Authentication (AFA), inter alia, while processing the first transaction in case of e-mandates / standing instructions on cards, prepaid payment instruments and Unified Payments Interface. For subsequent transactions with transaction values up to ₹5,000/- (AFA limit), prescription of AFA was waived.

2. On a review of implementation of the e-mandate framework and the protection available to customers, it has been decided to increase the aforesaid AFA limit from ₹5,000/- to ₹15,000/- per transaction.

3. This circular is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and shall come into effect immediately.

Yours faithfully,

(P. Vasudevan)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12341&Mode=0>

**Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer**

RBI/2022-23/61  
DOR.STR.REC.40/21.04.048/2022-23

June 6, 2022

All Non-Banking Financial Companies  
(Including Housing Finance Companies)

Madam / Dear Sir,

**Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer**

Please refer to the [circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs” wherein it was inter alia mentioned that RBI would issue guidelines on differential provisioning to be held by NBFCs classified as NBFC-Upper Layer (NBFC-UL) towards different classes of standard assets.

2. Accordingly, it has been decided that NBFCs classified as NBFC-UL shall maintain provisions in respect of ‘standard’ assets at the following rates for the funded amount outstanding:

|  |  |
| --- | --- |
| **Category of Assets** | **Rate of Provision** |
| Individual housing loans and loans to Small and Micro Enterprises (SMEs) | 0.25 per cent |
| Housing loans extended at teaser rates | 2.00 per cent, which will decrease to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates (if the accounts remain ‘standard’) |
| Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector | 0.75 per cent |
| Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH) | 1.00 per cent |
| Restructured advances | As stipulated in the applicable prudential norms for restructuring of advances |
| All other loans and advances not included above, including loans to Medium Enterprises | 0.40 per cent |

More details can be referred to in the below link

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12329&Mode=0>

**Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors**

RBI/2022-23/50  
FIDD.CO.Plan.BC.No.5/04.09.01/2022-23

May 13, 2022

The Chairman/ Managing Director/  
Chief Executive Officer  
All Scheduled Commercial Banks (Including Small Finance Banks)  
(Excluding Regional Rural Banks, Urban Co-operative Banks and Local Area Banks)

Dear Sir/Madam,

**Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors**

Please refer to para nos. 21.2, 21.3, 22 and 24 of the [Master Directions on Priority Sector Lending dated September 4, 2020](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) (updated from time to time), along with [notifications FIDD.CO.Plan. BC.No.15/04.09.01/2021-22 dated October 8, 2021](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12177&fn=2754&Mode=0) and [FIDD.CO.Plan.BC.No.10/04.09.01/2021-22 dated May 5, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12081&Mode=0) wherein lending by commercial banks to NBFCs and lending by Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to certain priority sectors, was permitted up to March 31, 2022.

2. To ensure continuation of the synergies that have been developed between banks and NBFCs in delivering credit to the specified priority sectors, it has been decided to allow the above facility on an on-going basis.

3. Bank credit to NBFCs (including HFCs) for on-lending will be allowed up to an overall limit of 5 percent of an individual bank’s total priority sector lending in case of commercial banks. In case of SFBs, credit to NBFC-MFIs and other MFIs (Societies, Trusts, etc.) which are members of RBI recognized ‘Self-Regulatory Organisation’ of the sector, will be allowed up to an overall limit of 10 percent of an individual bank’s total priority sector lending. These limits shall be computed by averaging across four quarters of the financial year, to determine adherence to the prescribed cap.

4. SFBs are allowed to lend to registered NBFC-MFIs and other MFIs which have a ‘gross loan portfolio’ (GLP) of up to ₹500 crore as on March 31 of the previous financial year, for the purpose of on-lending to priority sector. In case the GLP of the NBFC-MFIs/other MFIs exceeds the stipulated limit at a later date, all priority sector loans created prior to exceeding the GLP limit will continue to be classified by the SFBs as PSL till repayment/maturity, whichever is earlier.

Yours faithfully,

(Sonali Sen Gupta)  
Chief General Manager-in-Charge

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12317&Mode=0>

**Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs**

RBI/2022-23/37  
DOR.FIN.REC.No.30/03.10.001/2022-23

May 02, 2022

All Deposit taking NBFCs (including deposit taking HFCs)

Dear Sir/ Madam,

**Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs**

Please refer to para 9 of [Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10563) wherein the names of approved credit rating agencies and their respective minimum investment grade credit rating for the purpose of accepting public deposits by NBFCs have been listed.

2. On a review, it has been decided that the minimum investment grade credit rating for deposits of NBFCs shall be ‘BBB–’ from any of the SEBI-registered Credit Rating Agencies.

3. The [Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10563) is being modified accordingly.

Yours faithfully,

(J.P. Sharma)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12304&Mode=0>

**Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs**

RBI/2022-23/36  
DOR.GOV.REC.No.29/18.10.002/2022-23

April 29, 2022

All Non-Banking Financial Companies

Madam/Sir,

**Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs**

As you are aware, a revised Scale Based Regulatory (SBR) framework for NBFCs was put in place vide [circular DOR.CRE.REC.No.60/03.10.001/2021-22 October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0). In terms of para 3.2.3 (h) of the said circular, in order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs are required to put in place a Board approved compensation policy. The policy shall at the minimum include, (a) constitution of a Remuneration Committee, (b) principles for fixed/ variable pay structures, and (c) malus/ clawback provisions. Further, in terms of para 3.2.3 (i) it was also decided that the Board of NBFCs should delineate the role of various committees, including Nomination and Remuneration Committee (NRC). It was envisaged that detailed circulars will be issued in due course by the Reserve Bank. Accordingly, these guidelines have now been framed and furnished in [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12303&Mode=0#AN_1).

2. The guidelines are intended only for providing broad guidance to NBFCs and their NRCs in formulating their compensation policy. While formulating the compensation policy, it has to be ensured that all statutory mandates and the rules and directions issued under them are fully complied with.

3. These guidelines will be applicable for fixing the compensation policy of Key Managerial Personnel[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12303&Mode=0#F1) and members of senior management[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12303&Mode=0#F2) of all Non-Banking Financial Companies under SBR framework, except those categorised under ‘Base Layer’[3](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12303&Mode=0#F3) and Government owned NBFCs.

4. These guidelines shall come into effect from April 01, 2023.

**Yours faithfully**

**(Scenta Joy)  
Chief General Manager**

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12303&Mode=0>

**Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

RBI/2022-23/92  
DoR.AUT.REC.No.27/24.01.041/2022-23

April 21, 2022

**Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

In exercise of the powers conferred by Sections 35A and Section 56 of the Banking Regulation Act, 1949 and Chapter IIIB of the Reserve Bank of India Act, 1934, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

The direction details on the following:

**CHAPTER – I: PRELIMINARY**

**CHAPTER – II: CONDUCT OF CREDIT CARD BUSINESS**

**CHAPTER – III: ISSUE OF DEBIT CARD BY BANKS**

**CHAPTER – IV: CO-BRANDING ARRANGEMENT**

**CHAPTER – V: GENERAL GUIDELINES FOR CREDIT AND DEBIT CARDS**

**CHAPTER – VI: MISCELLANEOUS**

**CHAPTER – VII: EXEMPTIONS, INTERPRETATIONS AND REPEAL**

Details under each of the above chapters can be read from the below link

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12300&Mode=0>

**Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL)**

RBI/2022-23/32  
DOR.CRE.REC.24/21.01.003/2022-23

April 19, 2022

All Non-Banking Financial Companies

Madam / Dear Sir,

**Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL)**

Please refer to paragraph 3.2.2 (d) of [RBI circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs”, in terms of which a Large Exposure Framework (LEF) is prescribed for NBFCs in the Upper Layer.

2. Detailed guidelines in this regard are [annexed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12298&Mode=0#AN1).

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12298&Mode=0>

**Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL)**

RBI/2022-23/30  
DOR.CAP.REC.No.21/21.06.201/2022-23

April 19, 2022

Dear Sir/ Madam,

**Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL)**

Please refer to the [circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs.

2. In terms of paragraph 3.2.1 (b) of the circular ibid, NBFC-UL shall maintain Common Equity Tier 1 capital of at least 9 per cent of Risk Weighted Assets. The detailed guidelines in this regard are provided below:

3.1. NBFC-UL shall maintain, on an on-going basis, Common Equity Tier 1 (CET1) ratio of at least 9 per cent, where,

Common Equity Tier 1 (CET1) ratio

For more details, the link to the notification is placed below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12296&Mode=0>

**Loans and Advances – Regulatory Restrictions – NBFCs**

RBI/2022-23/29  
DOR.CRE.REC.No.25/03.10.001/2022-23

April 19, 2022

All Non-Banking Financial Companies

Madam/ Dear Sir,

**Loans and Advances – Regulatory Restrictions - NBFCs**

In terms of para 3.2.2 (c) and para 3.2.3 (b) & (c) of the [circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued on October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0), certain regulatory restrictions on lending were introduced in respect of NBFCs placed in different layers. Detailed guidelines in this regard are placed as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12294&Mode=0#AN) to this circular.

2. These guidelines shall be effective from October 01, 2022.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12294&Mode=0>

**Disclosures in Financial Statements- Notes to Accounts of NBFCs**

RBI/2022-23/26  
DOR.ACC.REC.No.20/21.04.018/2022-23

April 19, 2022

Dear Sir/ Madam,

**Disclosures in Financial Statements- Notes to Accounts of NBFCs**

Please refer to our [circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on ‘Scale Based Regulation (SBR): A Revised Regulatory Framework’ for NBFCs, which inter-alia envisages certain specific disclosures.

2. Non-Banking Finance Companies (NBFCs) are required to make disclosures in their financial statements in accordance with existing prudential guidelines, applicable accounting standards, laws, and regulations. The additional disclosure requirements for NBFCs in accordance with the SBR framework are outlined in the [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI26_AN.pdf).

3. These disclosures are in addition to and not in substitution of the disclosure requirements specified under other laws, regulations, or accounting and financial reporting standards. More comprehensive disclosures than the minimum required are encouraged, especially if such disclosures significantly aid in the understanding of the financial position and performance.

**Applicability**

4. This circular is applicable to all NBFCs. The Annex specifies the applicability of specific disclosure requirements to specific NBFC layers as per Scale Based Regulation. It may be noted that disclosure requirements applicable to lower layers of NBFCs will be applicable to NBFCs in higher layers. These guidelines shall be effective for annual financial statements for year ending March 31, 2023, and onwards.

(Usha Janakiraman)  
Chief General Manager

Reference Links: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12292&Mode=0>

**Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs**

RBI/2022-23/24  
Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23

April 11, 2022

The Chairman / Managing Director / Chief Executive Officer  
All Non-Banking Financial Companies

Madam / Dear Sir,

**Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs**

Please refer to the Reserve Bank’s guidelines on ‘Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs’ issued vide [Circular Ref.DOR.CRE. REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0)[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12290&Mode=0#F1). As indicated therein, Non-Banking Financial Companies in the Upper Layer (NBFC-UL) and Middle Layer (NBFC-ML) would be required, inter alia, to have an independent Compliance Function and a Chief Compliance Officer (CCO). Accordingly, this Circular shall be applicable to all NBFC-UL and NBFC-ML. NBFCs in the Base Layer (NBFC-BL) shall continue to be governed under the existing guidelines[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12290&Mode=0#F2).

2. As part of the overall structure for Corporate Governance, Compliance Function serves a critical role. Accordingly, it has been decided to introduce certain principles, standards and procedures for Compliance Function in NBFC-UL and NBFC-ML, keeping in view the principles of proportionality.

3. NBFC-UL and NBFC-ML shall put in place a Board approved policy and a Compliance Function, including the appointment of a Chief Compliance Officer (CCO), based on the Framework given in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12290&Mode=0#AN1), latest by April 1, 2023 and October 1, 2023, respectively.

4. This Circular shall be placed in the immediate next meeting of the Board of Directors for information and devising an implementation strategy, under the Board’s supervision, in a time-bound manner.

Yours faithfully,

(Arnab Kumar Chowdhury)  
Chief General Manager-In-Charge

**Encl.: Annex**

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12290&Mode=0>

**Section 24 and Section 56 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR)**

RBI/2022-23/23  
DOR.RET.REC.15/12.01.001/2022-23

April 08, 2022

All Scheduled Commercial Banks (including Regional Rural Banks)  
Local Area Banks, Small Finance Banks, Payments Banks  
Primary (Urban) Co-operative Banks (UCBs)  
State and Central Co-operative Banks (StCBs / CCBs)

Madam/Sir,

**Section 24 and Section 56 of the Banking Regulation Act, 1949 –  
Maintenance of Statutory Liquidity Ratio (SLR)**

Please refer to [circular DBR.No.Ret.BC.10/12.02.001/2018-19 dated December 05, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11427&Mode=0) and relative notification on the captioned subject.

2. As announced in the[Statement on Developmental and Regulatory Policies on April 08, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53536), it has been decided to institute the Standing Deposit Facility (SDF) with immediate effect. Accordingly, it is decided that the balances held by banks with the RBI under the SDF shall be an eligible Statutory Liquidity Ratio (SLR) asset and such balances shall form part of “Cash” for SLR maintenance. Banks shall report the SDF balances under "Cash in hand" in Form VIII or Form I, as applicable.

3. The balances held by banks with RBI under the SDF shall not be eligible for Cash Reserve Ratio (CRR) maintenance.

4. A copy of the relative notification DOR.RET.REC.16/12.01.001/2022-23 dated April 08, 2022, is [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12289&Mode=0#AN1).

Yours faithfully,

(Prakash Baliarsingh)  
Chief General Manager

For detailed notification, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12289&Mode=0>

**Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

RBI/2022-23/15  
DOR.STR.REC.4/21.04.048/2022-23

April 1, 2022

All Commercial Banks (excluding RRBs)

Madam/Dear Sir

**Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

Please refer to the [Master Circular DOR.No.STR.REC.55/21.04.048/2021-22 dated October 1, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12171) consolidating instructions / guidelines issued to banks till September 30, 2021 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

2. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12281&Mode=0#MC) consolidates instructions on the above matters issued up to March 31, 2022. A list of circulars consolidated in this Master Circular is contained in [Annex 5](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12281&Mode=0#AN5).

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Encl.: As above

For the detailed ‘MASTER CIRCULAR - PRUDENTIAL NORMS ON INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING PERTAINING TO ADVANCES’, refer to the link placed below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12281&Mode=0>

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

RBI/2022-23/14  
DOR.CRE.REC.No.07/21.04.172/2022-23

April 01, 2022

All Scheduled Commercial Banks (excluding RRBs)

Madam/ Dear Sir,

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

Please refer to our [Master Circular DOR.CRE.REC.No.77/21.04.172/2021-22 dated January 05, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12218)on the captioned subject. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12280&Mode=0#MC) consolidates instructions on the above matter issued up to March 31, 2022.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

For the detailed ‘Master Circular on Bank Finance to Non-Banking Financial Companies (NBFCs)’, please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12280&Mode=0>

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

RBI/2021-22/189  
DOR.CAP.REC.No.97/21.06.201/2021-22

March 31, 2022

Dear Sir/ Madam,

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

The Bilateral Netting of Qualified Financial Contracts Act, 2020 (hereafter referred to as “the Act”), has been notified by the Government of India vide Gazette Notification No. S.O. 3463(E) dated October 1, 2020. The Act provides a legal framework for enforceability of bilateral netting of qualified financial contracts (QFC).

2. In exercise of the powers conferred by section 4(a) of the Act, the Reserve Bank, vide Notification no. FMRD.DIRD.2/14.03.043/2020-21 dated March 9, 2021, has since notified (a) “derivatives”; and (b) “repo” and “reverse repo” transactions as defined under Section 45(U) of Chapter III-D of the Reserve Bank of India Act, 1934 as a QFC.

For more details, the reference link is provided below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12262&Mode=0>

**Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022**

RBI/DOR/2021-22/89  
DoR.FIN.REC.95/03.10.038/2021-22

March 14, 2022

All Commercial Banks (including Small Finance Banks,  
Local Area Banks and Regional Rural Banks) excluding Payments Banks  
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/  
District Central Co-operative Banks  
All Non-Banking Financial Companies (including Microfinance Institutions  
and Housing Finance Companies)

Madam/ Dear Sir,

**Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022**

Please refer to paragraph 8 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51078) announced as a part of the [Bi-monthly Monetary Policy Statement for 2020-21 dated February 5, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51077), regarding review of the regulatory framework for microfinance.

2. A consultative document on regulation of microfinance loans was issued for public comments on [June 14, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51725). Based on the feedback received, it has now been decided to put in place the directions for microfinance loans which are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12256&Mode=0#MD).

Yours faithfully,

(J.P. Sharma)  
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12256&Mode=0>

**Implementation of ‘Core Financial Services Solution’ by Non-Banking Financial Companies (NBFCs)**

RBI/2021-22/175  
DoS.CO.PPG.SEC/10/11.01.005/2021-22

February 23, 2022

All Non-Banking Financial Companies

Madam / Dear Sir,

**Implementation of ‘Core Financial Services Solution’ by Non-Banking Financial Companies (NBFCs)**

A reference is invited to para 3.2.3 (j) of the [Reserve Bank’s Circular Ref. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on ‘Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs’ in terms of which NBFCs with 10 and more branches are mandated to adopt Core Banking Solution.

2. Accordingly, it has been decided that NBFCs – Middle Layer and NBFCs - Upper Layer with 10 and more ’Fixed point service delivery units’[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12247&Mode=0#F1) as on October 1, 2022 shall be mandatorily required to implement ‘Core Financial Services Solution (CFSS)’, akin to the Core Banking Solution (CBS) adopted by banks. The CFSS shall provide for seamless customer interface in digital offerings and transactions relating to products and services with anywhere / anytime facility, enable integration of NBFCs’ functions, provide centralised database and accounting records, and be able to generate suitable MIS, both for internal purposes and regulatory reporting.

3. The timeframe for implementation of the requirement as indicated in Para 2 above shall be as under:

|  |  |
| --- | --- |
| **Category of NBFC** | **Timeframe for implementation** |
| NBFC – Middle and Upper Layers with 10 or more ‘Fixed point service delivery units’ | On or before September 30, 2025  However, NBFC-UL shall ensure that the CFSS is implemented at least in 70 per cent of ‘Fixed point service delivery units’ on or before September 30, 2024. |
| NBFC – Base Layer and NBFC – Middle and Upper Layers with fewer than 10 ’Fixed point service delivery units’ | Not mandatory. However, they may consider implementation of a Core Financial Services Solution for their own benefit. |

4. A quarterly progress report on implementation of the Core Financial Services Solution, along with various milestones as approved by the Board / Committee of the Board, shall be furnished by the NBFC to the Senior Supervisory Manager (SSM) Office of Reserve Bank starting from quarter ending March 31, 2023.

5. This circular is issued under Sections 45L and 45M of Reserve Bank of India Act,1934.

**Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**

RBI/2021-2022/158  
DOR.STR.REC.85/21.04.048/2021-22

February 15, 2022

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) excluding Payments Banks  
All Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks  
All-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI)  
All Non-Banking Financial Companies (including Housing Finance Companies)

Madam/Dear Sir,

**Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**

Please refer to the clarifications issued in respect of **Prudential norms on Income Recognition, Asset Classification and Provisioning** vide [circular DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12194&Mode=0) (‘**Circular**’).

2. In view of several queries received seeking certain clarifications, it is advised as under:

1. The definition of ‘out of order’, as clarified in the Circular, shall be applicable to all loan products being offered as an overdraft facility, including those not meant for business purposes and/or which entail interest repayments as the only credits.
2. The ‘previous 90 days period’ for determination of ‘out of order’ status of a CC/OD account shall be inclusive of the day for which the day-end process is being run.
3. In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.
4. The circular does not make any changes to the requirements related to reporting of information to CRILC, which will continue to be governed in terms of extant instructions for respective entities[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12230&Mode=0#FN1).
5. The circular does not, in any way, interfere with the extant guidelines on implementation of Ind-AS by NBFCs.

3. Paragraph 10 of the Circular stipulates that loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower. NBFCs shall have time till September 30, 2022 to put in place the necessary systems to implement this provision. All other instructions of the Circular shall continue to be applicable as per the timelines specified therein.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12230&Mode=0>

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

RBI/2021-22/149  
DOR.CRE.REC.No.77/21.04.172/2021-22

January 05, 2022

All Scheduled Commercial Banks (excluding RRBs)

Madam/ Dear Sir,

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

Please refer to our [Master Circular DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9843&Mode=0) on the captioned subject. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12218&Mode=0#MC) consolidates instructions on the above matter issued up to January 04, 2022.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12218&Mode=0>

**Framework for Facilitating Small Value Digital Payments in Offline Mode**

RBI/2021-22/146  
CO.DPSS.POLC.No.S1264/02-14-003/2021-2022

January 03, 2022

The Chairman / Managing Director / Chief Executive Officer  
Authorised Payment System Operators and Participants (Banks and Non-banks)

Madam / Dear Sir,

**Framework for Facilitating Small Value Digital Payments in Offline Mode**

Reserve Bank had, vide [circular dated August 06, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11947&Mode=0), permitted a pilot scheme to encourage technological innovations that enable small value digital transactions in offline mode. It was stated therein that the decision on formalising such a system would be based on the experience gained.

2. Pilot testing was undertaken by some entities during the period from September 2020 to July 2021. With encouraging feedback from the pilots, it was announced in the [Statement on Developmental and Regulatory policies dated October 08, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52368), that a framework for carrying out small value digital payments in offline mode across the country would be introduced.

3. Accordingly, the framework to enable small value digital payments in offline mode using cards, wallets, mobile devices, etc., is detailed in [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12215&Mode=0#AN1). Authorised Payment System Operators (PSOs) and Payment System Participants (PSPs) – Acquirers and Issuers (banks and non-banks) - shall ensure compliance with all the applicable instructions.

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.

Yours faithfully,

(P Vasudevan)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12215&Mode=0>