**Certificate Course for NBFCs**

**RBI Notifications during the period**

**1st July 2020 to 31st Dec 2020**

**Special liquidity scheme for NBFCs/HFCs**

RBI/2020-21/01 DoR (NBFC) (PD) CC.No.113/03.10.001/2020-21

July 01, 2020

All NBFCs/HFCs

The Government of India has approved a scheme to improve the liquidity position of NBFCs/HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector. To be eligible under the Scheme, the following conditions should be met:

1. NBFCs including Microfinance Institutions that are registered with the RBI under the Reserve Bank of India Act, 1934, excluding those registered as Core Investment Companies;
2. Housing Finance Companies that are registered under the National Housing Bank Act, 1987;
3. CRAR/CAR of NBFCs/HFCs should not be below the regulatory minimum, i.e., 15% and 12% respectively as on March 31, 2019;
4. The net non-performing assets should not be more than 6% as on March 31, 2019;
5. They should have made net profit in at least one of the last two preceding financial years (i.e. 2017-18 and 2018-19);
6. They should not have been reported under SMA-1 or SMA-2 category by any bank for their borrowings during last one year prior to August 01, 2018;
7. They should be rated investment grade by a SEBI registered rating agency;
8. They should comply with the requirement of the SPV for an appropriate level of collateral from the entity, which, however, would be optional and to be decided by the SPV.

2. As per the Government decision, SBICAP which is a subsidiary of the State Bank of India has set up a SPV (SLS Trust) to manage this operation. The SPV will purchase the short-term papers from eligible NBFCs/HFCs, who shall utilise the proceeds under this scheme solely for the purpose of extinguishing existing liabilities. The instruments will be CPs and NCDs with a residual maturity of not more than three months and rated as investment grade. The facility will not be available for any paper issued after September 30, 2020 and the SPV would cease to make fresh purchases after September 30, 2020 and would recover all dues by December 31, 2020; or as may be modified subsequently under the scheme.

**Exemption from Registration as NBFC – Alternative Investment Fund (AIF)**

RBI/2020-21/12 DOR (NBFC).CC.PD.No.115/03.10.001/2020-21

July 10, 2020

All Non-Banking Financial Companies (NBFCs)

A reference is invited to para 5 of Master Directions on Exemptions from the provisions of RBI Act, 1934 dated August 25, 2016. Venture capital fund companies, holding a certificate of registration obtained under section 12 of the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992) and not holding or accepting public deposit are exempted from the provisions of section 45-IA and 45-IC of the RBI Act, 1934 and also from the applicability of guidelines issued by the Bank for NBFCs.

2. Consequent upon the repeal of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and enactment of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, it has been decided to substitute the word “Venture Capital Fund Companies” with “Alternative Investment Fund Companies”, in exercise of the powers conferred under section 45NC of RBI Act, 1934.

**Fair Practices Code for Asset Reconstruction Companies**

RBI/2020-21/13 DOR.NBFC(ARC) CC. No. 9/26.03.001/2020-21

July 16, 2020

All Asset Reconstruction Companies

In exercise of the powers conferred by Section 9 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, Asset Reconstruction Companies registered with the Bank are advised to adopt ‘Fair Practices Code’ so as to ensure transparency and fairness in their operation. Guidelines in this regard are enclosed in Annex.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11937&Mode=0>

**Implementation of Indian Accounting Standards**

RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21

July 24, 2020

To

Non-Banking Financial Companies and Asset Reconstruction Companies

implementing Indian Accounting Standards

Please refer to paragraph 3 of the Annex to our circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on the captioned subject, in terms of which any net unrealised gains arising on fair valuation of financial instruments, should not be included in owned funds whereas all such net losses should be considered.

2. On a review, it has been decided that the unrealised gain/loss on a derivative transaction undertaken for hedging may be offset against the unrealised loss/gain recognized in the capital (either through Profit or Loss or through Other Comprehensive Income) on the corresponding underlying hedged instrument. If after such offset and netting with unrealised gains/losses on other financial instruments, there are still net unrealised gains, the same should be excluded from regulatory capital as required by paragraph 3 of the annex to the said circular.

3. It is also clarified that unrealized gains/losses shall be considered net of the effect of taxation. All other instructions remain unchanged.

**Review of Guidelines for Core Investment Companies**

RBI/2020-21/24 DoR (NBFC) (PD) CC. No.117/03.10.001/2020-21

August 13, 2020

All Core Investment Companies (CICs)

Please refer to the report of the Working Group (WG) to Review the Regulatory and Supervisory Framework for Core Investment Companies (CICs), constituted under the Chairmanship of Shri Tapan Ray, former Secretary, Ministry of Corporate Affairs, Government of India. The report of the WG was placed in public domain in November 2019 seeking comments from the stakeholders. Based on the recommendations of the WG and inputs received from stakeholders, it has been decided to revise the guidelines applicable for Core Investment Companies.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11949&Mode=0>

**Review of regulatory framework for Housing Finance Companies (HFCs)**

RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21

October 22, 2020

To,

Housing Finance Companies

Please refer to the Bank’s Press Release No.2019-20/419 dated August 13, 2019 and draft regulatory framework placed in public domain on June 17, 2020 seeking comments from stakeholders. Based on the examination of the inputs received, it has been decided to issue the revised regulatory framework for HFCs.

2. In exercise of powers conferred under National Housing Bank Act, 1987, and Reserve Bank of India Act, 1934, and in supersession of relevant regulations issued by National Housing Bank (NHB), the instructions as enumerated in the Annex will be applicable to all HFCs. HFCs shall continue to comply with all extant instructions issued by NHB, which are not covered in the Annex.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11988&Mode=0>

**Co-Lending by Banks and NBFCs to Priority Sector**

RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21

November 05, 2020

The Chairman / Managing Director/Chief Executive Officer

All Scheduled Commercial Banks (Excluding SFBs, RRBs, UCBs and LABs)

All Registered Non-Banking Financial Companies (including Housing Finance Companies)

Please refer to the circular FIDD.CO.Plan.BC.08/04.09.01/2018-19 dated September 21, 2018 on co-origination of loans by banks and NBFCs for lending to priority sector. The arrangement entailed joint contribution of credit at the facility level by both the lenders as also sharing of risks and rewards.

2. Based on the feedback received from the stakeholders and to better leverage the respective comparative advantages of the banks and NBFCs in a collaborative effort, it has been decided to provide greater operational flexibility to the lending institutions, while requiring them to conform to the regulatory guidelines on outsourcing, KYC, etc. The primary focus of the revised scheme, rechristened as “Co-Lending Model” (CLM), is to improve the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs. Detailed features of the CLM are furnished in the Annex.

3. In terms of the CLM, banks are permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20 per cent share of the individual loans on their books.

4. The banks and NBFCs shall formulate Board approved policies for entering into the CLM and place the approved policies on their websites. Based on their Board approved policies, a Master Agreement may be entered into between the two partner institutions which shall inter-alia include, terms and conditions of the arrangement, the criteria for selection of partner institutions, the specific product lines and areas of operation, along with provisions related to segregation of responsibilities as well as customer interface and protection issues, as detailed in the Annex.

5. The Master Agreement may provide for the banks to either mandatorily take their share of the individual loans originated by the NBFCs in their books as per the terms of the agreement, or to retain the discretion to reject certain loans after their due diligence prior to taking in their books, subject to the conditions specified in the Annex.

6. The banks can claim priority sector status in respect of their share of credit while engaging in the CLM adhering to the specified conditions.

7. The CLM shall not be applicable to foreign banks (including WOS) with less than 20 branches.

8. This circular supersedes the circular FIDD.CO.Plan.BC.08/04.09.01/2018-19 dated September 21, 2018. However, outstanding loans in terms of the circular ibid would continue to be classified under priority sector till their repayment or maturity, whichever is earlier.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11991&Mode=0>

**New Definition of Micro, Small and Medium Enterprises – clarifications**

RBI/2020-2021/26 FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21

August 21, 2020

The Chairman/ Managing Director/Chief Executive Officer

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)/ All Primary (Urban) Co-operative Banks/State Co-operative Banks

/ District Central Co-operative Banks /All-India Financial Institutions /All Non-Banking Financial Companies

Please refer to the circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 on ‘Credit flow to Micro, Small and Medium Enterprises Sector’.

2. In view of the representations from IBA and banks regarding applicability of certain aspects contained in the Gazette notification No. S.O. 2119(E) dated June 26, 2020 on new criteria for classifying the enterprises as micro, small and medium enterprises, the Ministry of MSME, vide their Office Memorandum (OM) No.2/1(5)/2019 – P & G/Policy (pt. IV) dated August 6, 2020 and letter F.No.5/2(2)/2020 - P & G/Policy dated August 13, 2020 has, inter alia, clarified the following:

**2.1 Classification of Enterprises as per new definition**

1. Classification / re-classification of MSMEs is the statutory responsibility of the GoI, Ministry of MSME, as per the provisions of the MSMED Act, 2006.
2. As per para 2 of the said Gazette notification all enterprises are required to register online and obtain ‘Udyam Registration Certificate’. All lenders may, therefore, obtain ‘Udyam Registration Certificate ’from the entrepreneurs.

**2.2 Validity of EM Part II and UAMs issued till June 30, 2020**

1. The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2021. Further, all enterprises registered till June 30, 2020, shall file new registration in the Udyam Registration Portal well before March 31, 2021.
2. ‘Udyam Registration Certificate’ issued on self-declaration basis for enterprises exempted from filing GSTR and / or ITR returns will be valid for the time being, upto March 31, 2021.

**2.3 Value of Plant and Machinery or Equipment**

The online form for Udyam Registration captures depreciated cost as on 31st March each year of the relevant previous year. Therefore, the value of Plant and Machinery or Equipment for all purposes of the Notification No. S.O. 2119(E) dated June 26, 2020 and for all the enterprises shall mean the Written Down Value (WDV) as at the end of the Financial Year as defined in the Income Tax Act and not cost of acquisition or original price, which was applicable in the context of the earlier classification criteria.

3. In view of the above, instructions contained in circular FIDD.MSME & NFS.BC.No.10/ 06.02.31/2017-18 dated July 13, 2017 on ‘Investment in plant and machinery for the purpose of classification as Micro, Small and Medium Enterprises – documents to be relied upon’ are superseded.

4. Further, other instructions contained in circular FIDD.MSME & NFS.BC.No.3/ 06.02.31/ 2020-21 dated July 2, 2020 remains the same.

**Master Directions – Priority Sector Lending (PSL) – Targets and Classification**

RBI/FIDD/2020-21/72 Master Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21

September 04, 2020

The Chairman / Managing Director/ Chief Executive Officer

[All Commercial Banks including Regional Rural Banks, Small Finance Banks, Local Area Banks and Primary (Urban) Co-operative Banks other than Salary Earners’ Banks]

The Priority Sector Lending (PSL) guidelines issued by Reserve Bank of India were last reviewed for Commercial Banks in April 2015 and for UCBs in May 2018 respectively. With an objective to harmonise various instructions issued to Commercial Banks, SFBs, RRBs, UCBs and LABs; align these guidelines with emerging national priorities and bring sharper focus on inclusive development, it was decided to comprehensively review the PSL guidelines. The revised guidelines also aim to encourage and support environment friendly lending policies to help achieve Sustainable Development Goals (SDGs). This review also took into account the recommendations made by the ‘Expert Committee on Micro, Small and Medium Enterprises (Chairman: Shri U.K. Sinha) and the ‘Internal Working Group to Review Agriculture Credit’ (Chairman: Shri M. K. Jain) apart from discussions with all stakeholders. Further, these Master Directions encompass the revised guidelines on PSL for all Commercial banks, RRBs, SFBs, UCBs and LABs and, accordingly, supersede the earlier Master Directions on PSL issued separately for Scheduled Commercial Banks, RRBs, SFBs and guidelines issued for UCBs, respectively.

The list of circulars consolidated in these Master Directions is indicated in the Appendix.

The Master Directions have been placed on the RBI website [www.rbi.org.in](http://www.rbi.org.in).

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11959&Mode=0>

**Online Dispute Resolution (ODR) System for Digital Payments**

RBI/2020-21/21 DPSS.CO.PD No.116/02.12.004/2020-21

August 6, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators and Participants (Banks and Non-banks)

Please refer to the Statement on Developmental and Regulatory Policies dated August 6, 2020 wherein the Reserve Bank of India (RBI) had announced introduction of Online Dispute Resolution (ODR) system for resolving customer disputes and grievances pertaining to digital payments, using a system-driven and rule-based mechanism with zero or minimal manual intervention.

2. The Payment System Vision-2021 of Reserve Bank highlights the need for technology-driven, rule-based, customer-friendly and transparent dispute redressal systems. As a step in this direction, authorised Payment System Operators (PSOs) – banks and non-banks – and their participants are hereby advised to put in place system/s for ODR for resolving disputes and grievances of customers.

3. To begin with, authorised PSOs shall be required to implement an ODR system for disputes and grievances related to failed transactions in their respective payment systems by January 1, 2021. The PSOs shall provide access to such a system to its participating members i.e., Payment System Participants (PSPs). Any entity setting up a payment system in India thereafter or participating therein, shall make available the ODR system at the commencement of its operations. The minimum requirements of the ODR system are specified in Annex.

4. Based on experience gained, ODR arrangement would later be extended to cover disputes and grievances other than those related to failed transactions. Please note that if the grievance remains unresolved up to one month, the customer may approach the respective ombudsman.

5. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11946&Mode=0>

**Offline Retail Payments using Cards / Wallets / Mobile Devices – Pilot**

RBI/2020-21/22 DPSS.CO.PD.No.115/02.14.003/2020-21

August 06, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators (Banks and Non-banks)

Please refer to the Statement on Developmental and Regulatory policies issued as part of Monetary Policy statement dated August 06, 2020 wherein it was proposed that the Reserve Bank would allow a pilot scheme for small value payments in offline mode.

2. Over the years, the Reserve Bank has prioritised security measures for digital payments such as the requirement of Additional Factor of Authentication and online alerts for every transaction. These measures have significantly increased customer confidence and safety leading to increased adoption of digital payments.

3. Absence of, or erratic, internet connectivity, especially in remote areas, is a major impediment for adoption of digital payments. Availability of options to make offline payments, using cards, wallets or mobile devices could boost the adoption of digital payments.

4. To encourage technological innovations that enable offline digital transactions, Reserve Bank shall permit a pilot scheme to be conducted for a limited period. Under the pilot scheme, authorised Payment System Operators (PSOs) – banks and non-banks – will be able to provide offline payment solutions using cards, wallets or mobile devices for remote or proximity payments. The scheme would be subject to the conditions detailed in the Annex. Other entities having innovative solutions shall tie-up with the authorised PSOs.

5. The pilot scheme shall be undertaken till March 31, 2021 only. The Reserve Bank shall decide on formalising such a system based on the experience gained under the pilot.

6. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11947&Mode=0>

**Positive Pay System for Cheque Truncation System**

RBI/2020-21/41DPSS.CO.RPPD.No.309/04.07.005/2020-21

September 25, 2020

The Chairman and 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 / Local Area Banks / Payment Banks / Small Finance Banks / National Payments Corporation of India

Please refer to the Statement on Developmental and Regulatory Policies dated August 6, 2020 wherein Reserve Bank of India (RBI) had announced introduction of Positive Pay System for Cheque Truncation System (CTS).

2. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

3. National Payments Corporation of India (NPCI) shall develop the facility of Positive Pay in CTS and make it available to participant banks. Banks, in turn, shall enable it for all account holders issuing cheques for amounts of ₹50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹5,00,000 and above.

4. Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids. Member banks may implement similar arrangements for cheques cleared / collected outside CTS as well.

5. Banks are advised to create adequate awareness among their customers on features of Positive Pay System through SMS alerts, display in branches, ATMs as well as through their web-site and internet banking.

6. Positive Pay System shall be implemented from January 01, 2021.

7. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007)

**Framework for Recognition of a Self-Regulatory Organisation for Payment System Operators**

RBI/2020-21/58 DPSS.CO.PD.No.503/02.12.004/2020-21

October 22, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators (Banks and Non-banks)

Industry self-governance helps in industry-wide smooth operations and ecosystem development. Reserve Bank of India’s Payment and Settlement Systems Vision 2019-21, therefore, envisaged the setting up of a Self-Regulatory Organisation (SRO) for Payment System Operators (PSOs). The Statement on Developmental and Regulatory Policies of the Reserve Bank of India (RBI), as part of its Sixth Bi-monthly Monetary Policy Statement – 2019-20 (dated February 6, 2020), announced putting in place a Framework for Establishing a SRO for PSOs.

2. RBI had placed a draft framework for public comments and based on the comments and suggestions received, it has finalised the Framework for Grant of Recognition as a SRO, which is at annex.

3. Interested groups / association of PSOs (banks as well as non-banks) seeking recognition as an SRO may apply to the Chief General Manager, Department of Payment and Settlement Systems, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001. The applications shall comply with the instructions laid down in the Framework.

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

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11986&Mode=0>

**Digital Payment Transactions – Streamlining QR Code infrastructure**

RBI/2020-21/59 DPSS.CO.PD.No.497/02.14.003/2020-21

October 22, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Payment System Operators (Banks and Non-banks)

As you are aware, Reserve Bank had constituted a Committee (Chairperson : Prof Deepak Phatak) to review the current system of Quick Response (QR) Codes in India and suggest measures for moving towards interoperable QR Codes. The report of the Committee containing various recommendations was placed on the Reserve Bank website for public comments and feedback.

2. After examining the recommendations and the feedback received, the following has been decided:

1. The two interoperable QR codes in existence – UPI QR and Bharat QR – shall continue as at present.
2. Payment System Operators (PSOs) that use proprietary QR codes shall shift to one or more interoperable QR codes; the process of migration shall be completed by March 31, 2022.
3. No new proprietary QR codes shall henceforth be launched by any PSO for any payment transaction.
4. RBI shall continue a consultative process to standardise and improve interoperable QR codes, to enable beneficial features identified by the Phatak Committee.
5. PSOs may take initiative to increase awareness about interoperable QR codes.

3. The above measures are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency.

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

**Maintenance of Escrow Account with a Scheduled Commercial Bank**

RBI/2020-21/68 DPSS.CO.PD.No.660/02.14.008/2020-21

November 17, 2020

All Scheduled Commercial Banks / Authorised Prepaid Payment Instrument Issuers /

Payment Aggregators / Payment System Providers / System Participants

A reference is invited to the instructions issued by Reserve Bank of India vide (a) DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (updated as on February 28, 2020) on ‘Issuance and Operation of Prepaid Payment Instruments (PPIs)’; and (b) DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 on ‘Regulation of Payment Aggregators (PAs) and Payment Gateways (PGs)’.

2. An authorised PPI Issuer or a PA is required to maintain an escrow account with a scheduled commercial bank on an ongoing basis. With a view to diversify risk and address business continuity concerns, it has been decided to allow one additional escrow account in a different scheduled commercial bank. The relevant instructions are being modified as per Annex 1 and 2 to this circular.

3. These directions are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007.

Link for Detailed Circular:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11996&Mode=0>

**24x7 Availability of Real Time Gross Settlement (RTGS) System**

RBI/2020-21/70 DPSS (CO) RTGS No.750/04.04.016/2020-21

December 04, 2020

The Chairman / Managing Director / Chief Executive Officer of member banks participating in RTGS

A reference is invited to the Statement on Developmental and Regulatory Policies dated October 09, 2020 wherein Reserve Bank of India (RBI) had announced making available the Real Time Gross Settlement (RTGS) system round the clock on all days. Accordingly, it has been decided to make RTGS available round the clock on all days of the year with effect from 00:30 hours on December 14, 2020.

2. Members are advised as under:

1. RTGS shall be available for customer and inter-bank transactions round the clock, except for the interval between ‘end-of-day’ and ‘start-of-day’ processes, whose timings would be duly broadcasted through the RTGS system.
2. RTGS shall continue to be governed by the RTGS System Regulations, 2013, as amended from time to time. The revised Regulations are available on RBI’s website at: https://www.rbi.org.in/Scripts/Bs\_viewRTGS.aspx.
3. Intra-Day Liquidity (IDL) facility shall be made available to facilitate smooth operations. The Intra-Day Liquidity (IDL) availed, if any, shall be reversed before the ‘end-of-day’ process begins.

3. Members are advised to put in place necessary infrastructure to provide RTGS round the clock to their customers. RTGS transactions undertaken after normal banking hours are expected to be automated using ‘Straight Through Processing (STP)’ modes.

4. Members are further advised to disseminate information on the extended availability of RTGS to all their customers.

5. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

**Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication**

RBI/2020-21/71 DPSS.CO.PD No.752/02.14.003/2020-21

December 04, 2020

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

Please refer to circular DPSS.CO.PD.No.2163/02.14.003/2014-2015 dated May 14, 2015 issued by Reserve Bank of India (RBI), wherein Additional Factor of Authentication (AFA) requirement was relaxed for values up to ₹ 2,000/- per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals. Subsequently, it was clarified that transactions beyond this limit can be processed in contactless mode, but with AFA.

2. Reference is also drawn to RBI circular DPSS.CO.PD No.1343/02.14.003/2019-20 dated January 15, 2020 on “Enhancing Security of Card Transactions”, wherein users were provided option of switch on / off or to set limits for various card features, including for contactless transactions. The instructions, which came into effect from October 1, 2020, have made card transactions more secure by empowering users to enable card features and set requirements according to their need and comfort.

3. The present COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that per transaction limit for AFA relaxation for contactless card transactions will be increased. Accordingly, given the sufficient protection available to users, it has been decided to increase the per transaction limit to ₹ 5,000/-. All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto.

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 from January 1, 2021.

**Perpetual Validity for Certificate of Authorisation (CoA) issued to Payment System Operators (PSOs) under Payment and Settlement Systems Act, 2007 (PSS Act)**

RBI/2020-21/72 DPSS.CO.AD.No.724/02.27.005/2020-21

December 4, 2020

The Chairman / Managing Director / Chief Executive Officer

Authorised Non-bank Payment System Operators

This has reference to the Statement on Developmental and Regulatory Policies dated October 9, 2020 wherein Reserve Bank of India (RBI) had announced granting of authorisation for all PSOs under PSS Act on a perpetual basis, subject to certain conditions.

2. Currently, RBI grants authorisation to new entities desirous of operating a payment system for specified periods up to five years. Similar approach is adopted for renewal of validity of authorisation to existing entities. To reduce licensing uncertainties and enable PSOs to focus on their business as also to optimise utilisation of regulatory resources, it has been decided to, hereafter, grant authorisation for all PSOs (both new and existing) on a perpetual basis, subject to the usual conditions.

3. For existing authorised PSOs, grant of perpetual validity shall be examined as and when the CoA becomes due for renewal subject to their adherence to the following:

1. Full compliance with the terms and conditions subject to which authorisation was granted;
2. Fulfilment of entry norms such as capital, networth requirements, etc.;
3. No major regulatory or supervisory concerns related to operations of the PSO, as observed during onsite and / or offsite monitoring;
4. Efficacy of customer grievance redressal mechanism;
5. No adverse reports from other departments of RBI / regulators / statutory bodies, etc.

4. Existing PSOs who do not satisfy all conditions will be given one-year renewals to enable them to comply; if any entity fails to do so in a reasonable time, its authorisation may be withdrawn.

5. If an entity becomes non-compliant with any of the conditions of authorisation, RBI may undertake action as deemed fit under the provisions of PSS Act, including imposition of restrictions on payment system operations and / or revocation of CoA.

6. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

**Authorisation of entities for operating a Payment System under the Payment and Settlement Systems Act, 2007 (PSS Act) – Introduction of Cooling Period**

RBI/2020-21/73 DPSS.CO.OD.No.753/06.08.005/2020-21

December 4, 2020

The Chairman / Managing Director / Chief Executive Officer

Non-bank Payment System Operators

Please refer to provisions contained in Section 4 of PSS Act and ‘Oversight Framework for Financial Market Infrastructures and Retail Payment Systems issued on June 13, 2020’, in terms of which any person before commencing or operating a payment system shall obtain authorisation from the Reserve Bank and for the purpose shall apply in a prescribed format to RBI as defined in Payment and Settlement Systems Regulations, 2008.

2. To inculcate discipline and encourage submission of applications by serious players as also for effective utilisation of regulatory resources, it has been decided to introduce the concept of Cooling Period in the following situations –

1. Authorised Payment System Operators (PSOs) whose Certificate of Authorisation (CoA) is revoked or not-renewed for any reason; or
2. CoA is voluntarily surrendered for any reason; or
3. Application for authorisation of a payment system has been rejected by RBI.
4. New entities that are set-up by promoters involved in any of the above categories; definition of promoters for the purpose, shall be as defined in the Companies Act, 2013.

3. The Cooling Period shall be for one year from the date of revocation / non-renewal / acceptance of voluntary surrender / rejection of application, as the case may be. In respect of entities whose application for authorisation is returned for any reason by RBI, condition of Cooling Period shall be invoked after giving the entity an additional opportunity to submit the application.

4. During the Cooling Period, entities shall be prohibited from submission of applications for operating any payment system under the PSS Act.

5. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

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

RBI/2020-21/74 DPSS.CO.PD No.754/02.14.003/2020-21

December 04, 2020

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

Please refer to our circular DPSS.CO.PD.No.447/02.14.003/2019-20 dated August 21, 2019 vide which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards and Prepaid Payment Instruments (PPIs) for recurring transactions with values up to ₹ 2,000/-, subject to conditions listed therein. These instructions were later extended to Unified Payments Interface (UPI) as well.

2. Based on requests received from stakeholders and given the sufficient protection available to customers, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that the aforesaid transaction limit will be increased. Accordingly, it has been decided to increase the above limit for AFA relaxation to ₹ 5,000/- per transaction, with effect from January 1, 2021.

3. Processing of recurring transactions (domestic or cross-border) using cards / PPIs / UPI under arrangements / practices not compliant with the aforesaid instructions shall not be continued beyond March 31, 2021.

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

**Amendment to Master Direction (MD) on KYC – Centralized KYC Registry – Roll out of Legal Entity Template & other changes**

RBI/2020-21/80 DOR.AML.BC.No.31/14.01.001/2020-21

December 18, 2020

The Chairpersons/ CEOs of all the Regulated Entities

Regulated Entities (REs) have been uploading the KYC data pertaining to all individual accounts opened on or after January 1, 2017 on to CKYCR in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Changes to the template, as and when required are released by CERSAI after consulting the Reserve Bank.

2. As the CKYCR is now fully operational for individual customers, it has been decided to extend the CKYCR to Legal Entities (LEs). Accordingly, REs shall upload the KYC data pertaining to accounts of LEs opened on or after April 1, 2021, on to CKYCR in terms of Rule 9 (1A) of the PML Rules. The LE Template and the Annex thereof are attached as Annex “A” and Annex “B” respectively to this circular. The LE Template would be released by CERSAI well in advance so that REs start using it from the notified date. REs shall also ensure that in case of accounts of LEs opened prior to April 1, 2021, the KYC records are uploaded on to CKYCR during the process of periodic updation as specified in Section 38 of the Master Direction, or earlier when the updated KYC information is obtained/received from the customer in certain cases. REs shall ensure that during periodic updation, the customers’ KYC details are migrated to current Customer Due Diligence (CDD) standards.

3. In order to ensure that all existing KYC records of individual customers are incrementally uploaded on to CKYCR, REs shall upload the KYC data pertaining to accounts of individuals opened prior to January 01, 2017, at the time of periodic updation as specified in Section 38 of the Master Direction, or earlier when the updated KYC information is obtained/received from the customer in certain cases. REs shall ensure that during periodic updation, the customers’ KYC details are migrated to current CDD standard.

4. Where a customer, for the purpose of establishing an account based relationship, submits a KYC Identifier to a RE, with an explicit consent to download records from CKYCR, then such RE shall retrieve the KYC records online from CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –

1. there is a change in the information of the customer as existing in the records of CKYCR;
2. the current address of the customer is required to be verified;
3. the RE considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

5. Once KYC Identifier is generated by CKYCR, the REs shall ensure that the same is communicated to the individual/legal entity as the case may be.

6. The Master Direction on KYC dated February 25, 2016, is hereby updated to reflect the changes effected by the above amendment and shall come into force with immediate effect.

**FAQs on Resolution Framework for Covid-19 related stress (Revised on December 12, 2020)**

Link for FAQ:

<https://www.rbi.org.in/scripts/FAQView.aspx?Id=137>