**Certified Banking Compliance Professional**

RBI Notifications during the period 1st Jan 2019 to 30th June 2019

RBI/2018-19/225 DBR.BP.BC.No.49/21.06.201/2018-19 June 28, 2019

All Scheduled Commercial Banks (excluding RRBs, LABs, Payments Banks and Small Finance Banks)

**Basel III Capital Regulations- Implementation of Leverage Ratio**

Please refer to ‘Part E: Leverage Ratio Framework’ of the Master Circular- Basel III Capital Regulations, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015.

2. As announced in the Statement on Developmental and Regulatory Policies issued with the Second Bi-Monthly Monetary Policy Statement 2019-20 on June 6, 2019, it has been decided that the minimum Leverage Ratio shall be 4% for Domestic Systemically Important Banks (DSIBs) and 3.5% for other banks.

3. Both the capital measure and the exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum Leverage Ratio requirement at all times.

4. These guidelines shall be effective from the quarter commencing October 1, 2019.

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RBI/2018-19/164 DBR.BP.BC.No.34/21.04.098/2018-19 April 4, 2019

All Scheduled Commercial Banks(Excluding RRBs) & Small Finance Banks

**Basel III Framework
on Liquidity Standards - Liquidity Coverage Ratio (LCR),
Liquidity Risk Monitoring Tools and LCR Disclosure Standards**

Please refer to our [circular DBR.BP.BC.No.4/21.04.098/2018-19 dated September 27, 2018](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11380&Mode=0), other associated circulars on the captioned subject and para I (1) of the [First Bi-Monthly Monetary Policy 2019-20 dated April 4, 2019](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=46724).

2. Presently, the assets allowed as Level 1 High Quality Liquid Assets (HQLAs) for the purpose of computing the LCR of banks, inter alia, include (a) Government securities in excess of the minimum SLR requirement and, (b) within the mandatory SLR requirement, Government securities to the extent allowed by RBI under (i) Marginal Standing Facility (MSF) [presently 2 per cent of the bank's NDTL] and (ii) Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [presently 13 per cent of the bank's NDTL].

3. It has been decided to permit banks to reckon an additional 2.0 percent Government securities held by them under FALLCR within the mandatory SLR requirement as Level 1 HQLA for the purpose of computing LCR, in a phased manner, as under:

|  |  |  |
| --- | --- | --- |
| **Effective Date** | **FALLCR(per cent of NDTL)** | **Total HQLA carve out from SLR(per cent of NDTL)** |
| April 4, 2019 | 13.50 | 15.50 |
| August 1, 2019 | 14.00 | 16.00 |
| December 1, 2019 | 14.50 | 16.50 |
| April 1, 2020 | 15.00 | 17.00 |

4. For the purpose of LCR, banks shall continue to value such government securities reckoned as HQLA at an amount not greater than their current market value (irrespective of the category under which the security is held, i.e., HTM, AFS or HFT).

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RBI/2018-19/126 DBR.BP.BC.No.25/21.06.001/2018-19 February 22, 2019

All Scheduled Commercial Banks (Excluding Regional Rural Banks), Small Finance Banks

**Risk Weights for exposures to NBFCs**

Please refer to para 5.8 and para 5.13.5 of the Master Circular on Basel III Capital Regulation dated July 1, 2015. At present claims on rated as well as unrated Non-deposit Taking Systemically Important Non-Banking Financial Companies (NBFC-ND-SI), other than Asset Finance Companies (AFCs), Non-Banking Financial Companies – Infrastructure Finance Companies (NBFCs-IFC), and Non-banking Financial Companies – Infrastructure Development Funds (NBFCs-IDF), have to be uniformly risk weighted at 100%. Exposures to AFCs, NBFCs – IFC, NBFCs – IDF and other NBFCs which are not NBFC-ND-SI, are risk weighted as per the ratings assigned by the rating agencies accredited by the Reserve Bank of India.

2. As indicated in the Statement on Developmental and Regulatory Policies dated February 07, 2019, it has been decided that exposures to all NBFCs, excluding Core Investment Companies (CICs), will be risk weighted as per the ratings assigned by the rating agencies registered with SEBI and accredited by the Reserve Bank of India, in a manner similar to that of corporates as prescribed under para 5.8.1 of the Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations read with Circular DBR.No.BP.BC.6/21.06.001/2016-17 dated August 25, 2016 on “Review of Prudential Norms –Risk Weights for Exposures to Corporates, AFCs and NBFC-IFCs” and Mailbox Clarification dated December 29, 2017. Exposures to CICs, rated as well as unrated, will continue to be risk-weighted at 100%.

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RBI/2018-19/106 DBR.BP.BC.No.20/21.06.201/2018-19 January 10, 2019

All Scheduled Commercial Banks (Excluding RRBs and LABs)

**Basel III Capital Regulations- Review of transitional arrangements**

Please refer to para 4.5 ‘Transitional Arrangements’, para 15.2.2 of Part D ‘Capital Conservation Buffer Framework’ and para 2.3 of Annex 16 of the Master Circular, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on ‘Basel III Capital Regulations’.

2. It has been decided to defer the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 2020. Accordingly, minimum capital conservation ratios in para 15.2.2 of Part D ‘Capital Conservation Buffer Framework’ as applicable from March 31, 2018 will also apply from March 31, 2019 till the CCB attains the level of 2.5% on March 31, 2020.

3. Further, the pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments (PNCPS and PDI) shall remain at 5.5% of RWAs and will rise to 6.125% of RWAs on March 31, 2020.

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RBI/2018-19/126 DBR.BP.BC.No.25/21.06.001/2018-19 February 22, 2019

All Scheduled Commercial Banks (Excluding Regional Rural Banks), Small Finance Banks

**Risk Weights for exposures to NBFCs**

Please refer to para 5.8 and para 5.13.5 of the Master Circular on Basel III Capital Regulation dated July 1, 2015. At present claims on rated as well as unrated Non-deposit Taking Systemically Important Non-Banking Financial Companies (NBFC-ND-SI), other than Asset Finance Companies (AFCs), Non-Banking Financial Companies – Infrastructure Finance Companies (NBFCs-IFC), and Non-banking Financial Companies – Infrastructure Development Funds (NBFCs-IDF), have to be uniformly risk weighted at 100%. Exposures to AFCs, NBFCs – IFC, NBFCs – IDF and other NBFCs which are not NBFC-ND-SI, are risk weighted as per the ratings assigned by the rating agencies accredited by the Reserve Bank of India.

2. As indicated in the Statement on Developmental and Regulatory Policies dated February 07, 2019, it has been decided that exposures to all NBFCs, excluding Core Investment Companies (CICs), will be risk weighted as per the ratings assigned by the rating agencies registered with SEBI and accredited by the Reserve Bank of India, in a manner similar to that of corporates as prescribed under para 5.8.1 of the Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations read with Circular DBR.No.BP.BC.6/21.06.001/2016-17 dated August 25, 2016 on “Review of Prudential Norms –Risk Weights for Exposures to Corporates, AFCs and NBFC-IFCs” and Mailbox Clarification dated December 29, 2017. Exposures to CICs, rated as well as unrated, will continue to be risk-weighted at 100%.

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RBI/2018-19/190 DBR.AML.BC.No.39/14.01.001/2018-19 May 29, 2019

The Chairpersons/ CEOs of all the Regulated Entities

**Amendment to Master Direction (MD) on KYC**

Government of India, vide Gazette Notification G.S.R. 108(E) dated February 13, 2019, has notified amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Further, an Ordinance, “Aadhaar and other Laws (amendment) Ordinance, 2019”, has been notified by the Government amending, inter alia, the Prevention of Money Laundering Act, 2002.

2. Important changes carried out in the Master Direction in accordance with the aforementioned amendments are listed hereunder:

a) Banks have been allowed to carry out Aadhaar authentication/ offline-verification of an individual who voluntarily uses his Aadhaar number for identification purpose. (Section 16 of the amended MD on KYC)

b) ‘Proof of possession of Aadhaar number’ has been added to the list of Officially Valid Documents (OVD) with a proviso that where the customer submits ‘Proof of possession of Aadhaar number’ as OVD, he may submit it in such form as are issued by the Unique Identification Authority of India (UIDAI). (Section 3 of the amended MD)

c) For customer identification of “individuals”:

1. For individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016, the bank shall obtain the customers Aadhaar and may carry out its e-KYC authentication based on his declaration that he is desirous of receiving benefit/subsidy under the Aadhaar Act, 2016. (Section 16 of the amended MD)
2. For non-DBT beneficiary customers, the Regulated Entities (REs) shall obtain a certified copy of any OVD containing details of his identity and address along with one recent photograph. (Section 16 of the amended MD)

d) REs shall ensure that the customers (non-DBT beneficiaries) while submitting Aadhaar for Customer Due Diligence, redact or blackout their Aadhaar number in terms of sub-rule 16 of Rule 9 of the amended PML Rules.(Section 16 of the amended MD)

e) REs other than banks may identify a customer through offline verification under the Aadhaar Act with his/her consent. (Section 16 of the amended MD)

f) In case OVD furnished by the client does not contain updated address, certain deemed OVDs for the limited purpose of proof of address can be submitted provided that the OVD updated with current address is submitted within 3 months. (Section 3(a) ix of the amended MD)

g) For non-individual customers, PAN/Form No. 60 of the entity (for companies and Partnership firms – only PAN) shall be obtained apart from other entity related documents. The PAN/Form No. 60 of the authorised signatories shall also be obtained.(Section 30-33)

h) For existing bank account holders, PAN or Form No. 60 is to be submitted within such timelines as may be notified by the Government, failing which account shall be subject to temporary ceasing till PAN or Form No. 60 is submitted. However, before temporarily ceasing operations for an account RE shall give the customer an accessible notice and a reasonable opportunity to be heard.(Section 39 of the amended MD)

4. Further, additional certifying authorities for certifying the OVDs of Non-Resident Indian (NRI) and Person of Indian Origin (PIO) customers have been specified in section 3(a)(v) of the Master Direction.

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