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Reserve Bank Extends Regulatory Benefits under SLF-MF Scheme

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- 1. On April 27, 2020, the Reserve Bank announced a special liquidity facility for mutual funds (SLF-MF) to ease liquidity strains on Mutual Funds (MFs), which intensified in the wake of redemption pressures related to closure of some debt MFs and potential contagious effects.
- 2. Based on requests received from banks, it has now been decided that the regulatory benefits announced under the SLF-MF scheme will be extended to all banks, irrespective of whether they avail funding from the Reserve Bank or deploy their own resources under the above-mentioned scheme. Banks meeting the liquidity requirements of MFs by (1) extending loans, and (2) undertaking outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial paper (CPs), debentures and certificates of deposit (CDs) held by MFs will be eligible to claim all the regulatory benefits available under SLF-MF scheme without the need to avail back to back funding from the Reserve Bank under the SLF-MF.
- 3. The bank claiming the regulatory benefits as detailed above would be required to submit a weekly statement containing consolidated information on entity-wise and instrument-wise loans and advances extended or investment made to eligible entities to Financial Markets Operations Department (email) and to Department of Supervision (email) on every Monday till the closure of the scheme.

(Yogesh Dayal) Press Release: 2019-2020/2294 Chief General Manager