

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

RBI releases proposed changes in regulations applicable to Housing Finance Companies (HFCs) for public comments

Post transfer of regulation of HFCs from National Housing Bank (NHB) to Reserve Bank with effect from August 09, 2019, a Press Release dated August 13, 2019 was issued stating that Reserve Bank will carry out a review of the extant regulatory framework applicable to HFCs and come out with revised regulations in due course, and till such time HFCs shall continue to comply with the directions and instructions issued by NHB.

2. The Reserve Bank has undertaken the said review and has identified a few changes which are proposed to be prescribed for HFCs. These are as follows:

- a. Defining principal business and qualifying assets for HFCs;
- b. Defining the phrase 'providing finance for housing' or 'housing finance';
- c. Classifying HFCs as systemically important (asset size of ₹500 crore & above) and non-systemically important (asset size less than ₹500 crore); and
- d. Reserve Bank's directions on Liquidity Risk framework &, LCR, securitisation, etc., for NBFCs, to be made applicable to HFCs.

3. The Reserve Bank has, today, placed a <u>draft</u> of the changes proposed as above on its website. The Reserve Bank seeks public comments on the draft framework for consideration before issuing the final guidelines. Responses of HFCs, market participants and other stakeholders may be sent latest by July 15, 2020 over email with subject line 'Feedback – proposed changes to regulations applicable to HFCs'.

Press Release: 2019-2020/2510

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