

Annex 3

Important Regulatory Measures

1) The Reserve Bank of India

Date	Regulatory Measure	Rationale
June 24, 2020	<p>Loans sourced by banks and NBFCs over Digital Lending Platforms: The key instructions issued to banks and NBFCs are:</p> <ul style="list-style-type: none"> (i) To disclose names of digital lending platforms engaged as agents on the website of banks/ NBFCs. (ii) To direct digital lending platforms to disclose the name of the bank / NBFC on whose behalf they are interacting with the customer. (iii) To issue loan sanctioning letter on the letter head of the bank/ NBFC concerned. (iv) Furnishing copy of the loan agreement and all quoted enclosures at the time of sanction. (v) Ensuring effective oversight and awareness about grievance redressal mechanism. 	To create transparency in digital lending and safeguarding customer interest.
August 06, 2020	<p>Increase in Loan to Value (LTV) ratio for gold loans: LTV for loans against pledge of gold ornaments and jewellery for non-agricultural purposes has been enhanced from 75 per cent to 90 per cent up to March 31, 2021.</p>	To mitigate the economic impact of the COVID-19 pandemic on households, entrepreneurs and small businesses.
August 06, 2020 and December 14, 2020	<p>Review of instructions for opening of Current accounts: The revised instructions provide that no bank shall open current accounts for customers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and all transactions shall be routed through the CC/OD account only. In case of customers who have not availed CC/OD facility from any bank, banks may open current accounts under certain conditions. Additional caveats have been placed for opening and operating the current account.</p> <p>The instructions were modified in December 2020 to exclude specific accounts which are stipulated under various statutes and regulatory instructions, from the restrictions placed in terms of the above-mentioned circular.</p>	To improve credit discipline.

Date	Regulatory Measure	Rationale
August 06, 2020	Resolution Framework for COVID-19-related Stress: The instructions permit lenders to implement a resolution plan in respect of eligible exposures while classifying such exposures as standard, subject to specified conditions.	To facilitate revival of real sector activity and mitigate the impact of COVID-19 on the ultimate borrowers.
August 13, 2020	Revised regulatory framework for Core Investment Companies - Based on the recommendations of the Working Group to Review the Regulatory and Supervisory Framework for CICs and inputs received from stakeholders, the guidelines for CICs were revised.	To address complexity and multiple leveraging in the group; to strengthen risk management and corporate governance practices and induce transparency through disclosures.
September 01, 2020	SLR holdings in HTM category: Banks have been permitted to hold under Held to Maturity (HTM) category, SLR securities acquired on or after September 1, 2020 up to an overall limit of 22 per cent of NDTL, up to March 31, 2021. The dispensation was extended upto March 31, 2022 and further, it was also decided that enhanced HTM limit shall be restored to 19.5 per cent in a phased manner vide a circular issued on October 12, 2020.	To engender orderly market conditions and ensure congenial financing costs. To give more certainty to the markets about the status of these investments.
September 07, 2020	Resolution Framework for COVID-19 related Stress – Financial Parameters: The financial ratios and sector-specific thresholds to be considered by lending institutions while finalising the resolution plans in respect of eligible borrowers were specified.	To facilitate resolution of exposures other than personal loans, affected by COVID-19 related stress, based on objective parameters.
October 07, 2020	Interest Subvention Scheme for MSMEs – Co-operative banks: Co-operative Banks have been included as Eligible Lending Institutions from 3 rd March 2020. The scheme provides an interest relief of 2% per annum to eligible MSMEs with coverage limited to all term loans/working capital to the extent of Rs 1 crore. The validity of the Scheme has been extended to March 31, 2021	To boost lending to the MSME sector.
October 12, 2020	Regulatory Retail Portfolio – Revised Limit for Risk Weight: The threshold limit of ₹ 5 crore for aggregated retail exposure to a counterparty was increased to ₹ 7.5 crore.	To reduce the cost of credit for the segment consisting of individuals and small businesses (<i>i.e.</i> with turnover of upto ₹ 50 crore), and also to harmonise with the Basel guidelines.

Date	Regulatory Measure	Rationale
October 16, 2020	Individual Housing Loan – Rationalisation of Risk Weights: The risk weights in respect of housing loans were rationalised, irrespective of the amount of the loan, for all new housing loans sanctioned, from the date of the circular and up to March 31, 2022.	To rationalise risk weights as a countercyclical measure.
October 22, 2020	Review of regulatory framework for Housing Finance Companies (HFCs): The revised regulatory framework for HFCs was notified.	While introducing the concept of principal business for HFCs and also defining housing finance, the revised guidelines aim at harmonizing the regulations of HFCs with that of NBFCs in a non-disruptive manner.
November 05, 2020	Review of the Co-origination Model: The scheme was recast as a "Co-Lending Model" (CLM), wherein banks are permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement, and 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.	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.
December 4, 2020	Declaration of dividends by banks: Banks were advised not to make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020	To conserve capital to support the economy and absorb losses.
December 4, 2020	Regional Rural Banks- Access to Call/Notice/Term Money Market: RRBs were permitted to participate in the call/notice and term money markets both as borrowers and lenders	To facilitate more efficient liquidity management by the RRBs.
December 4, 2020	Regional Rural Banks- Access to RBI's Liquidity Facilities: Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) were extended to Scheduled RRBs.	To provide an additional avenue for liquidity management to Regional Rural Banks (RRBs).
December 14, 2020	24x7 Availability of Real Time Gross Settlement (RTGS) System: RTGS was made available for customer and inter-bank transactions round the clock, with effect from December 14, 2020.	To support global integration of Indian financial markets, facilitate India's efforts to develop international financial centers and to provide wider payment flexibility to domestic corporates and institutions.

2) The Securities and Exchange Board of India

Date	Regulatory Measure	Rationale
June 05, 2020	Framework for Regulatory Sandbox: SEBI regulated entities were granted certain facilities and flexibilities to experiment with Fintech solutions in a live environment and on limited set of real customers for a limited time frame.	For promoting innovation while protecting customers interests.
June 12, 2020	Investment by the sponsor or asset management company in the scheme: Sponsor or AMC are required to invest not less than one percent of the amount which would be raised in the new fund offer or fifty lakh rupees, whichever is less, and such investment shall not be redeemed unless the scheme is wound up	To ensure that sponsors or AMC of mutual funds have skin in the game.
June 23, 2020	Operational framework for transactions in defaulted debt securities post maturity date/ redemption date.	To permit lifting existing restrictions on trading of defaulted debt securities.
June 24, 2020	Guidelines for Order-to-trade ratio (OTR) for Algorithmic Trading were reviewed and modified	To rationalise algorithmic trading.
July 1, 2020	Standard Operating Procedure (SOP) was prescribed for SEs / CCs / Depositories in cases where Trading Member(TM)/Clearing Member (CM) is likely to default in repayment of funds or securities to clients.	To protect the interest of non-defaulting clients of a TM and /or non-defaulting clients/ TM(s) of the CM, in the likely event of default by TM / CM.
July 20, 2020	Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments: Operational guidelines were issued for stock exchanges and clearing corporations to adopt a framework to enable verification of upfront collection of margins from clients in cash and derivatives segments.	To align and streamline the risk management framework of both cash and derivatives segments.
July 21, 2020	Review of Stress Testing Methodology for Positions with Early Pay-in: The norms related to core Settlement Guarantee Fund and standardised stress testing for credit for commodity derivatives were reviewed.	To address the concern regarding high stress loss figures on positions with early pay-in.

Date	Regulatory Measure	Rationale
September 01, 2020	Review of debt and money market securities transactions disclosure: Daily disclosure of the details of debt and money market securities transacted (including inter scheme transfers) in mutual fund schemes with a time lag of 15 days, were prescribed	To further enhance transparency in disclosure of portfolio of debt schemes.
September 21, 2020	Alternate Risk Management Framework Applicable in case of Near Zero and Negative Prices for commodity prices was introduced	To enable risk management framework to handle extreme volatility in commodity prices.
October 5, 2020	Product Labelling in Mutual Fund schemes – Risk-o-meter: Detailed guidelines were issued for evaluation of risk levels of a scheme, which shall be depicted by a risk-o-meter, to be evaluated on monthly basis starting January 2021.	To enhance disclosure to investors enabling them to take informed decisions.
October 6, 2020	Additional framework for issuance, listing and trading of Perpetual Non-Cumulative Preference Shares (PNCPS) and Innovative Perpetual Debt Instruments (IPDIs)/ Perpetual Debt Instruments (PDIs) was prescribed.	The nature and contingency impact of these instruments and the fact that full import of the discretion is available to an issuer, may not be understood in the truest form by retail individual investors. In this regard, additional framework related to issuance, listing and trading of PNCPS and IPDIs which are proposed to be listed, has been prescribed.
October 13, 2020	Standardised procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities was notified.	For enforcement of security and/or entering into an Inter-Creditor Agreement.
November 03, 2020	Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)	To ensure adequacy of assets for purpose of security creation.
November 05, 2020/ September 11, 2020	Asset Allocation of Multi Cap Funds and Introduction of "Flexi Cap Fund" as a new category under Equity Schemes: Multi Cap schemes of mutual funds are required to invest a minimum of 25 per cent each in large, mid and small cap stocks, with the balance 25 per cent giving flexibility to the fund manager. Further, MFs can convert an existing scheme to Flexi Cap Fund or launch a new scheme under Flexi Cap Fund.	To diversify underlying investments across caps and at the same time provide more flexibility to mutual funds.

Date	Regulatory Measure	Rationale
November 06, 2020	Norms regarding holding of liquid assets in open ended debt schemes and stress testing of open ended debt schemes: MFs are required at least 10% of their net assets in liquid assets (<i>i.e.</i> in cash, G-sec, T-bills and repo on Govt. Securities) in all open ended debt schemes (except overnight fund, liquid fund, Gilt Fund and Gilt fund with 10 year constant duration) and monthly stress testing is prescribed for all open ended debt schemes (except overnight funds).	To augment the liquidity risk management framework of open ended debt schemes.
November 12, 2020	Monitoring and Disclosures by Debenture Trustee(s).	To enable investors to ascertain the duties discharged by Debenture Trustee(s) and to enhance the accountability on part of Debenture Trustee(s).
December 21, 2020	Core Settlement Guarantee Fund, Default Waterfall and Stress Test for Limited Purpose Clearing Corporation (LPCC).	To ensure availability of adequate funds to meet out all the contingencies.

3) Insurance Regulatory and Development Authority of India

Date	Regulatory Measure	Rationale
June 26, 2020	Guidelines to all General and Health Insurers to offer Individual COVID Standard Health Policy were issued.	For offering customers a standardised insurance product covering COVID-19 expenses.
September 25, 2020	IRDAI has developed a methodology for identification and supervision of Domestic Systemically Important Insurers (D-SIIs) , and identified Life Insurance Corporation of India, General Insurance Corporation of India and The New India Assurance Co. Ltd as D-SIIs for the year 2020-21.	To identify D-SIIs and to subject such insurers to enhanced monitoring mechanism.

4) Pension Fund Regulatory and Development Authority

Date	Regulatory Measure	Rationale
June 08, 2020	Digital Solutions Aadhaar based offline paperless KYC verification process for NPS On-boarding.	PFRDA has allowed comprehensive and digitally enabled solutions to meet subscribers' varied needs from on-boarding to exit, to increase the outreach of NPS.
June 15, 2020	OTP based authentication for paperless on-boarding.	
September 03, 2020	e- Nomination facility for NPS subscribers.	
October 29, 2020	Video Based Customer Identification Process (VCIP) for NPS.	
August 24, 2020	Ombudsman for resolving grievances under NPS and APY: PFRDA appointed an Ombudsman for resolution of complaints or grievances under the ambit of PFRDA (Redressal of Subscribers Grievances) Regulations, 2015.	To facilitate expeditious and inexpensive redressal of pension fund subscriber's grievances.
September 25, 2020	Introduction of RFQ platform for Corporate Bond transactions- Request for Quote (RFQ) to replicate the OTC market for purchase/sale of securities under NPS schemes and other pension schemes administered by PFRDA.	To bring about greater transparency, centralization and pooling of investor interest and, therefore, a more efficient and liquid secondary market.

5) The Insolvency and Bankruptcy Board of India

Date	Regulatory Measure	Rationale
June 30, 2020	IP Regulations were amended to allow the Insolvency Professional Entities (IPEs) to provide support services to any IP	To further professionalise insolvency services and enable IPs' access to regulated support services.
August 05, 2020	Liquidation Process Regulations were amended clarifying the fees payable to the liquidator on the amount realised but not distributed and on the amount distributed but not realised.	To provide clarity on fees payable to liquidator.
August 05, 2020	Voluntary Liquidation Process Regulations were amended to provide that a corporate person may replace the liquidator by appointing another insolvency professional as liquidator	To facilitate appointment of another resolution professional as the liquidator to conduct the voluntary liquidation process.

Date	Regulatory Measure	Rationale
August 07, 2020	CIRP Regulations were amended to facilitate ease of coordination and communication between the authorised representative and the creditors in the class he represents and streamline the process of voting on compliant resolution plans.	To facilitate insolvency proceedings.
September 24, 2020	Application to Adjudicating Authority Rules were amended to provide that a financial creditor when initiating CIRP against a corporate debtor (CD), shall serve a copy of the application to the registered office of the CD and to the Board before filing with the Adjudicating Authority.	To facilitate timely communication of initiation of CIRP to the CD against whom application has been filed and to facilitate effective data management and dissemination by IBBI.

6) International Financial Services Centres Authority (IFSCA)

Date	Regulatory Measure	Rationale
October 19, 2020	Regulatory Sandbox: A framework for "Regulatory Sandbox" was introduced	To enable entities operating in the capital market, banking, insurance and financial services to avail themselves of certain facilities and flexibilities to experiment with innovative fintech solutions in a live environment with a limited set of real customers for a limited time frame.
October 21, 2020	Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): These entities were permitted to list on the stock exchanges in GIFT IFSC.	To prescribe the regulatory framework for listing of REITs and InvITs incorporated in any FATF compliant jurisdictions on the stock exchanges in GIFT IFSC.
October 28, 2020	Depository Receipts: The regulatory framework for listing of Depository Receipts was laid down	To provide the framework for listing Global Depository receipts in IFSC.
November 13, 2020	IFSCA (Global In-house Centres) Regulations, 2020: The IFSCA (Global In-house Centres) Regulations, 2020 were notified.	To provide the regulatory framework for global in-house centres in IFSC, creating an opportunity for global financial institutions to conduct their global back-end activities in GIFT-IFSC.
November 20, 2020	IFSCA (Banking) regulations, 2020: The IFSCA (Banking) Regulations, 2020 were notified.	To provide principle-based regulations, balancing the objectives of risk mitigation and financial innovation.

Date	Regulatory Measure	Rationale
December 11, 2020	The International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020: The regulatory framework for the bullion exchange, clearing corporations, depositories and vaults was laid down. Spot trading in bullion was introduced.	To provide the regulatory framework for bullion spot market in IFSC.