

## Annex 3

## Important Regulatory Measures

## 1) Reserve Bank of India

Date	Regulation	Rationale
July 28, 2021	<p><b>Access for Non-banks to Centralised Payment Systems:</b> Participation in centralised payment systems was widened with the inclusion of non-bank payment system providers, viz. prepaid payment instrument issuers, card networks and white label ATM operators as direct members.</p>	<p>To encourage participation of non-banks and lower the overall risk in the Reserve Bank operated payment systems.</p>
August 03, 2021	<p><b>Framework for Outsourcing of Payment and Settlement-related Activities by Payment System Operators (PSO):</b> The framework which is applicable to non-bank PSOs sets minimum standards to manage risks in outsourcing of payment and / or settlement-related activities. PSOs need to comply with outsourcing framework by March 31, 2022.</p>	<p>To enable effective management of attendant risks in outsourcing of such activities.</p>
August 17, 2021	<p><b>Financial Inclusion Index:</b> A Comprehensive Financial Inclusion Index (FI-Index) has been introduced comprising of three broad parameters (weights indicated in brackets) viz., access (35 per cent), usage (45 per cent), and quality (20 per cent) with each of these consisting of various dimensions, which are computed based on a number of indicators.</p> <p>The annual FI-Index for the period ending March 2021 was 53.9 as against 43.4 for the period ending March 2017. The FI-Index will be published annually in July every year.</p>	<p>To measure the extent of financial inclusion across the country.</p>
August 25, 2021	<p><b>Tokenisation – Card Transactions: Extending the Scope of Permitted Devices:</b> The Tokenised card transaction facility which was available only for mobile phones and tablets has been extended to other consumer devices – laptops, desktops, wearables (wrist watches, bands, etc.), Internet of Things (IoT) devices, etc. The device-based tokenisation framework was further extended to Card-on-File Tokenisation (CoFT) services vide circular dated September 07, 2021.</p>	<p>To extend tokenisation facilities to a broader class of devices to reduce vulnerability to frauds.</p>

Date	Regulation	Rationale
August 26, 2021	<p><b>PIDF scheme extended to street vendors:</b> Street vendors identified as part of the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi Scheme) in tier-1 and tier-2 centres were included as beneficiaries under the Payments Infrastructure Development Fund (PIDF) Scheme which is meant to encourage deployment of Point of Sale (PoS) infrastructure (both physical and digital modes) in tier-3 to tier-6 centres and north eastern states.</p> <p>This was in addition to street vendors in tier-3 to tier-6 centres who had already been covered under the Scheme earlier.</p>	To provide fillip to the Reserve Bank's efforts towards promoting digital transactions at the grass root level.
September 24, 2021	<p><b>Securitisation of Standard Assets:</b> Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 was issued.<sup>1</sup></p>	To align with prudent global best practices and for development of a robust securitisation market.
September 24, 2021	<p><b>Transfer of Loan Exposures:</b> Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 was issued.<sup>2</sup></p>	To provide lenders greater flexibility in managing their risks and liquidity associated with loan exposures.
September 28, 2021	<p><b>Use of any alternative reference rate in place of LIBOR for interest payable in respect of export / import transactions:</b></p> <p>In respect of export/import transactions AD banks were permitted to use any widely accepted/ alternative reference rate in place of LIBOR linked interest rates in the currency concerned.</p>	In view of the impending cessation of LIBOR as a benchmark rate.
October 08, 2021	<p><b>Fourth regulatory sandbox Cohort:</b> RBI announced that 'Prevention and Mitigation of Financial Frauds' will be the theme for the Fourth Cohort under Regulatory Sandbox.</p>	With a view to preparing the fintech ecosystem for fraud management.
October 22, 2021	<p><b>Scale Based Regulation for NBFCs:</b> A four-layered scale-based approach to regulate NBFCs starting from October 1, 2022, was introduced.<sup>3</sup></p>	To align the regulatory framework for NBFCs keeping in view their changing risk profile and systemic significance

<sup>1</sup> Key aspects of the Directions are highlighted in para 3.20 of Chapter III: Regulatory Initiatives in the Financial Sector.

<sup>2</sup> Key aspects of the Directions are highlighted in paras 3.17 to 3.19 of Chapter III: Regulatory Initiatives in the Financial Sector.

<sup>3</sup> Key aspects of the framework are highlighted in para 3.22 of Chapter III: Regulatory Initiatives in the Financial Sector.

Date	Regulation	Rationale
November 2, 2021	<b>Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks:</b> The PCA Framework for banks was revised. Apart From specifying the parameters relating to Capital, Asset Quality and Leverage that will be considered while placing a bank under PCA and the mandatory and discretionary actions that could be taken, the revised framework stipulates the conditions to be fulfilled for a bank to exit PCA.	To enable supervisory intervention at the appropriate time and require the Supervised Entity to initiate and implement remedial measures in a timely manner, so as to restore its financial health.
November 12, 2021	<b>Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP) – Clarifications:</b> The clarifications on existing IRACP norms pertain to, <i>inter alia</i> , specification of repayment date, classification of loans as SMA/NPA, upgradation of NPA accounts, loans under moratorium and consumer education.	To ensure uniformity in the implementation of IRACP norms across all lending institutions.
November 12, 2021	<b>Retail Direct Scheme:</b> The Retail Direct Scheme was launched facilitating investors to open a Retail Direct Gilt (RDG) Account with the Reserve Bank of India towards investing in G-Secs.	To provide retail investors easy access to the government securities market.
November 12, 2021	<b>The Reserve Bank - Integrated Ombudsman Scheme, 2021:</b> The three existing Ombudsman Schemes for Banks, NBFCs and System Participants <sup>4</sup> were merged into a single scheme viz., the Reserve Bank – Integrated Ombudsman Scheme, 2021 adopting the 'One Nation One Ombudsman' approach for grievance redressal.	To make the process of grievance redressal simpler and more responsive to the customers of Regulated Entities.
November 15, 2021	<b>Appointment of Internal Ombudsman by NBFCs:</b> Deposit-taking NBFCs (NBFCs-D) with 10 or more branches and non-deposit taking NBFCs (NBFCs-ND) with asset size of ₹5,000 crore and above and having public customer interface have been directed to appoint an Internal Ombudsman within six months from the date of issue of direction.	To strengthen internal grievance redressal system of NBFCs.

<sup>4</sup> System Participant' means any person other than a bank participating in a payment system as defined under Section 2 of the Payment and Settlement Systems Act, 2007 excluding a 'System Provider'.

## 2) Securities and Exchange Board of India

Date	Regulation	Rationale
July 15, 2021	Guidelines for online closure of trading and demat accounts were issued.	To enable faster closure of such accounts and improved ease of doing business.
July 16, 2021	Guidelines for credit rating agencies (CRAs) with respect to introduction of new expected loss-based rating scale and standardization of rating scales used by CRAs.	To strengthen and standardize the rating symbols used by CRAs and introduction of new rating symbols.
July 20, 2021	Segregation and monitoring of collateral at client level.	To mitigate the risk of misuse of client collateral and ensure expeditious settlement of clients' claims, in the event of default by a trading member / clearing member.
July 30, 2021	Revision of minimum subscription and trading lot for publicly issued REITs and InvITs .	To enable participation from a wider class of investors.
August 9, 2021	Unified and revamped SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.	To enable enhanced information, removing redundancy and streamlining disclosure requirements.
August 9, 2021	Calendar Spread margin benefit in commodity futures contracts.	To increase liquidity in far month contracts, facilitate hedging by value chain participants and reduce cost of trading.
August 13, 2021	Guidelines on Security and Covenant Monitoring using Distributed Ledger Technology.	To strengthen the process of security creation, monitoring of security, monitoring of asset cover and covenants of the non-convertible securities by Debenture Trustee using block chain technology.
August 17, 2021	Penalty for Repeated Delivery Default.	To strengthen the delivery mechanism and ensure market integrity.
September 7, 2021	Introduction of T+1 rolling settlement on an optional basis.	To facilitate increased trading turnover and reduced settlement risk.

<b>Date</b>	<b>Regulation</b>	<b>Rationale</b>
September 7, 2021	Introduction of corporate governance norms and other disclosures for high value debt listed entities.	To enhance robustness of the corporate bond market.
September 29, 2021	Swing pricing framework for mutual fund schemes.	To pass on the cost of redemptions to those investors who sell mutual fund scheme units, by way of adjusting NAV for swing factor.
October 4, 2021	Two-factor authentication (for online transactions) and signature method (for offline transactions) to authenticate redemption of units.	To prevent fraud in the accounts of unitholders.
October 13, 2021	Restrictions on creation of fixed deposits/ investments in liquid funds by stock brokers from client funds.	To prevent misuse of client funds lying with stock brokers.
November 24, 2021	Introduction of Silver Exchange Traded Funds.	To introduce investment in silver through a financial instrument such as an ETF, as silver has gained popularity as an inflation hedge alongside gold.

### 3) Insurance Regulatory and Development Authority of India

<b>Date</b>	<b>Regulation</b>	<b>Rationale</b>
July 09, 2021	Insurance Regulatory and Development Authority of India (Indian Insurance Companies) (Amendment) Regulations, 2021.	To bring clarity on governance framework of insurance companies.
September 08, 2021	Guidelines on Trade Credit insurance have been revised.	Considering the evolving insurance risk needs of various sectors and response to changing market conditions.
September 08, 2021	The guidance document on product structure for Cyber Insurance was issued.	Guidelines to insurers on structuring cyber insurance for individuals and identifying gaps that need to be filled.
September 08, 2021	Circular on Title Insurance Products was issued.	For legal protection of promoters in the early stages of development of the project and safeguarding the interests of individual buyers after taking over the physical possession of property.

Date	Regulation	Rationale
September 13, 2021	Circular was issued extending the timelines for sale and renewal of short term COVID specific health insurance policies including the COVID Standard indemnity product "Corona Kavach " COVID Standard benefit policy "Corona Rakshak" offered and renewed by all insurers up to 31.03.2022.	In view of the prevailing situation in the wake of second wave of COVID pandemic.
September 14, 2021	Circular was issued extending of timelines for (a) Issuance of Electronic Policies and (b) Dispensing with Physical documents and wet signature on the proposal form in respect of health insurance policies up to 31.3.2022.	To encourage digitization in insurance service processes.

#### 4) Pension Fund Regulatory and Development Authority

Date	Regulation	Rationale
July 02, 2021	Relaxation of processing of exit applications by points of presence (PoPs).	To alleviate the COVID induced difficulties faced by the subscribers in submitting physical applications for exit/ withdrawal .
July 20,2021	Investment Guidelines for NPS Schemes (two sets of guidelines applicable to separate sets of schemes)	To strengthen the regulatory framework
July 20, 2021	Change in guidelines on aggregate holding of equity shares by a foreign company in Pension Funds	To raise the foreign holding limit in pension funds to 74 per cent of paid up capital on the lines of that permitted in case of insurance companies.
July 27, 2021	Guidelines for investment by pension funds in an Initial Public Offer (IPO), Follow on Public Offer (FPO) and/or Offer for Sale (OFS) under National Pension System (NPS) and other pension schemes regulated / administered by the Authority.	To lay down norms for such investments.
August 09, 2021	Guidelines for engaging business correspondents (BCs) or agents for distribution of pension schemes.	To facilitate the distribution of pension schemes.
August 23, 2021	Introduction of eNPS for Government sector subscribers	To provide a convenient and paperless onboarding experience for Government sector subscribers

<b>Date</b>	<b>Regulation</b>	<b>Rationale</b>
August 26, 2021	Increase of entry age up to 70 years under NPS.	To permit existing NPS subscribers to remain invested beyond 60 years/ beyond their superannuation, and to enable citizens above 65 years to open NPS accounts
September 21, 2021	Enhancement of lump sum withdrawal limit on exit.	To benefit subscribers
October 07, 2021	Revisions in the guidelines on empanelment of brokers	To strengthen the governance framework on empanelment of brokers.
October 27, 2021	Facility of online APY subscription through Aadhaar e KYC.	To simplify the subscription process and enhance coverage

#### 5) Insolvency and Bankruptcy Board of India

<b>Date</b>	<b>Regulation</b>	<b>Rationale</b>
July 14, 2021	Amendment to IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations).	To enhance the discipline, transparency, and accountability in corporate insolvency proceedings.
July 22, 2021	Amendment to the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 (Model Bye-Laws Regulations).	To provide prompt realisation of the monetary penalty by the Insolvency Professional Agencies (IPAs).
July 22, 2021	Amendment to the IBBI (Insolvency Professionals) Regulations, 2016	To clarify the eligibility criteria for registration as insolvency professional (IP), place a limit on the number of assignments that an IP can handle and streamline the process of granting recognition to insolvency professional entity (IPE).
September 30, 2021	Amendment to IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016	To enhance the conduct, improve timelines, and value maximisation in corporate insolvency proceedings.
September 30, 2021	Amendment to the IBBI (Liquidation Process) Regulations, 2016.	To streamline the liquidation process and increase transparency of process and accountability of the Liquidator.



**6) International Financial Service Centres Authority**

<b>Date</b>	<b>Regulation</b>	<b>Rationale</b>
July 6, 2021	IFSCA (Banking) (Second Amendment) Regulations, 2021	To improve the regulatory framework for banking units operating under IFSCA.
July 7, 2021	Framework for setting up of International Trade Financing Services Platform (ITFS) for providing Trade Finance Services at International Financial Services Centres (IFSCs)	To enable exporters and importers to avail various types of trade finance facilities on competitive terms, for their international trade transactions through a dedicated electronic platform viz, ITFS.
July 16, 2021	IFSCA (Issuance and Listing of Securities) Regulations, 2021	To introduce a unified regulatory framework specifying the requirements for issuance and listing of various types of securities and for initial and continuous disclosures.
August 13, 2021	Banking Handbook comprising (a) General directions (b) Conduct of Business directions and (c) Prudential directions which come into effect from January 1, 2022.	To communicate the Authority's regulatory expectations and to enhance ease of doing banking business in GIFT- City IFSC.
August 17, 2021	Guidelines on Factoring and Forfeiting of Receivables.	To regulate factoring and forfeiting activity.
August 26, 2021	Circular on Operating Guidelines on Bullion Exchange, Bullion Clearing Corporation, Bullion Depository and Vault Manager.	To enable the Bullion Exchange, Bullion Clearing Corporation, Bullion Depository and Vault Manager in an International Financial Service Centres (IFSC) to operationalise their activities as per IFSCA (Bullion Exchange) Regulation, 2020.
September 15, 2021	Circular on Clearing Membership for non-bank Custodians.	To permit any non-bank entity recognised as a custodian of assets/securities by IFSCA through the branch structure, to become a Clearing Member of a Clearing Corporation in GIFT-IFSC.



Date	Regulation	Rationale
September 17, 2021	Circular on Bullion Trading Member and Clearing Members in GIFT-IFSC.	To permit all members of the stock exchanges and clearing corporations in GIFT-IFSC to be enabled as bullion trading/clearing members.
October 20, 2021	International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021	To provide for regulatory requirements on registration, obligations and responsibilities, inspection, and enforcement in respect of various types of capital market intermediaries.
October 21, 2021	International Financial Services Centres Authority (Insurance Intermediary) Regulations, 2021	To provide a comprehensive regulatory framework for registration and operations of insurance intermediaries in IFSC.
October 21, 2021	International Financial Services Centres Authority (Registration of Insurance Business) Regulations, 2021	To put in place the process of registration and operations of insurers and re-insurers in the IFSC.
October 21, 2021	International Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021	To put in place a framework to address operational issues for such entities.