

Annex 3
Important Regulatory Measures

1) Reserve Bank of India

Date	Regulation	Rationale
January 5, 2021	PIDF scheme: The payment infrastructure development fund (PIDF) scheme for subsidising deployment of payment acceptance infrastructure in Tier-3 to Tier-6 centres with special focus on North-Eastern states of the country, was operationalised.	To enhance payment acceptance infrastructure and extend the reach of digital payments in the country.
January 5, 2021	LEI for large value transactions in centralised payment systems: Legal Entity Identifier (LEI) , a 20-digit number used to uniquely identify parties to financial transactions worldwide, was mandated for all payment transactions of ₹50 crore and above, undertaken by entities (non-individuals) using the RBI-run Centralised Payment Systems from April 1, 2021.	To improve the quality and accuracy of financial data systems for better risk management.
January 27, 2021	Grievance Redress Mechanism in Banks: A comprehensive framework for strengthening grievance redress mechanism in banks was instituted providing for: (a) enhanced disclosures on complaints, (b) recovery of cost of redress of complaints from banks based on specified criteria, and (c) intensive review of grievance redress mechanism and time bound remedial action plan for banks.	To ensure delivery of better customer service and improve the efficacy of the grievance redress mechanism in banks.
February 5, 2021	Maintenance of Cash Reserve Ratio (CRR) : Banks were advised that the cash reserve ratio (CRR) which had been reduced to 3 per cent of their Net Demand and Time liabilities (NDTL) effective from the reporting fortnight beginning March 28, 2020, is to be restored to 4 per cent in two phases, viz., 3.50 per cent of NDTL effective from the reporting fortnight beginning March 27, 2021 and 4.00 per cent effective from the reporting fortnight beginning May 22, 2021.	To restore the CRR to its long-standing value based on a review of monetary and liquidity conditions.
February 12, 2021	Investment in NBFCs from FATF non-compliant jurisdictions: Norms for accepting investments in NBFCs from Financial Action Task Force (FATF) non-compliant jurisdictions were tightened by stipulating that fresh investors (directly or indirectly) from such jurisdictions, in aggregate, shall hold less than the threshold of 20 per cent of the voting power (including potential voting power) of the NBFC.	To combat money laundering and terrorist financing.

Date	Regulation	Rationale
February 16, 2021	Remittances to IFSCs under LRS: Resident individuals were permitted to make remittances under the Liberalised Remittance Scheme (LRS) to International Financial Services Centres (IFSCs) established in India for making investments in securities other than those issued by entities/companies resident (outside IFSC) in India and to open non-interest-bearing Foreign Currency Account (FCA) in IFSCs, for the purpose.	To deepen the financial markets in IFSCs and to provide an opportunity to resident individuals to diversify their portfolio.
April 7, 2021	Priority Sector Lending (PSL) by banks to NBFCs for on-lending: The benefit of PSL classification to bank credit to registered NBFCs (other than MFIs) for on-lending, was extended up to September 30, 2021.	To improve the liquidity position of the NBFCs and to ensure continued availability of credit to important sectors of economy.
April 7, 2021	Parking of unutilised ECB proceeds in term deposits: ECB Borrowers were permitted to park unutilised ECB proceeds drawn down on or before March 01, 2020, in term deposits with AD Category-I banks in India prospectively, for an additional period up to March 01, 2022, as against the earlier time limit of 12 months.	To provide relief to the ECB borrowers affected by the COVID-19 pandemic.
April 8, 2021	Maximum balance per customer at end of the day for Payments Banks (PBs): The stipulation that PBs may hold a maximum balance of ₹1 lakh per individual customer at the end of the day was relaxed and the limit was enhanced to ₹2 lakh per individual customer.	To provide greater flexibility to PBs and to enhance their capability for financial inclusion.
May 5, 2021	Credit to MSME Entrepreneurs: Banks were allowed to deduct the amount equivalent to credit disbursed to new MSME borrowers up to ₹25 lakh per borrower from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR) for the credit disbursed up to the fortnight ending October 1, 2021. This exemption was extended for such credits disbursed up to the fortnight ending December 31, 2021.	To incentivise new credit flow to the micro, small, and medium enterprise (MSME) borrower.
May 5, 2021 and June 4, 2021	Resolution of Covid-19 related stress of MSMEs: The facility for restructuring existing MSME loans (where the aggregate exposure of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021) without a downgrade in the asset classification was extended up to September 30, 2021.	To provide relief to MSME sector in view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks.

Date	Regulation	Rationale
May 5, 2021 and June 4, 2021	Resolution of Covid-19 related stress of Individuals and Small Businesses: The facility for implementing a resolution plan in respect of existing loans of individuals and small businesses other than MSME, without a downgrade in the asset classification, was permitted to be invoked up to September 30, 2021. While the facility could be invoked in the case of all eligible personal loans the invocation for eligible loan exposures to small businesses and individuals for businesses purposes could be done where the aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021.	To alleviate the potential stress to individual borrowers and small businesses, in view of the resurgence of Covid-19 pandemic in India in the recent weeks and the consequent containment measures to check the spread of the pandemic.
May 19, 2021	Mandating interoperability of full-KYC prepaid payment instruments (PPIs): Interoperability of fully KYC compliant PPIs, amongst the issuing and acquiring entities alike, banks or non-banks, which was voluntary earlier was made mandatory, to be enabled by March 2022.	To promote optimal utilisation of payment instruments and to allow participants in different payment systems to undertake, clear and settle payment transactions across systems without participating in multiple systems.
June 14, 2021	Investment in Entities from FATF non-compliant Jurisdictions: New investors, in payment system operators (PSOs) or entities seeking authorisation as PSOs, from or through non-compliant FATF jurisdictions were restricted from acquiring, directly or indirectly, 'significant influence' as defined in the applicable accounting standards in the concerned PSO.	To strengthen the ownership structure and governance arrangements in place at PSOs.

2) Securities and Exchange Board of India

Date	Regulation	Rationale
December 21, 2020	Core Settlement Guarantee Fund, Default Waterfall and Stress Test for Limited Purpose Clearing Corporation (LPCC)	To extend the existing robustness of the risk management systems in the clearing corporations, to LPCC as well.
January 11, 2021	Review of Volatility Scan Range (VSR) for Option Contracts in Commodity Derivatives Segment	To ensure that a minimum floor value of VSR is specified for underlying commodities based on their volatility (high, medium, low).
February 02, 2021	Setting up of Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Funds	Development of the corporate bond market from the perspective of mutual funds.

Date	Regulation	Rationale
March 10, 2021	Review of norms regarding investment in debt instruments with special features, and the valuation of perpetual bonds.	To lay down the prudential investment limits for such instruments. Further, to consider a glide path for the implementation of the policy, deemed residual maturity for the purpose of valuation was also prescribed.
March 22, 2021	Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs)	With advancement in technology and improved automation of processes, the existing framework has been revised.
April 27, 2021	Guidelines for CRAs on rating symbol, conditions of rating being considered provisional, validity period of such ratings and other related issues	In order to further strengthen and standardise the policies on provisional rating by CRAs for debt instruments.
April 28, 2021	Alignment of interest of key employees of AMCs with the Unit holders of the Mutual Fund schemes	To protect interests of investors.
April 29, 2021	Disclosure of risk-o-meter of scheme and benchmark and portfolio details by mutual funds	To enhance the quality of disclosure w.r.t. risk, performance and portfolio of the schemes, without creating information overload on the investor.
May 10, 2021	Business responsibility and sustainability reporting by listed entities	To enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and to help investors make better investment decisions.

3) Insurance Regulatory and Development Authority of India

Date	Regulation	Rationale
January 25, 2021	Centralised KYC Registry (CKYCR) – Roll out of Legal Entity Template: Regulated entities shall upload the know your customer (KYC) data pertaining to accounts of Legal Entities opened on or after April 1, 2021, on to CKYCR.	To bring the format for legal entity being followed for KYC in line with the format prescribed by CERSAI.

Date	Regulation	Rationale
April 8, 2021	Investment in Alternate Investment Funds (AIFs): The Investment Master Circular, 2017 which specifies the conditions applicable for insurers' investment in Alternative Investment Fund (AIF) was modified by replacing the provisions applicable to Fund of Funds (FoF)	To accelerate institutional rupee funding to startups
May 19, 2021	The Insurance (Amendment) Act, 2021 - The aggregate holdings limit of equity shares by foreign investors including portfolio investors has been increased from 49 per cent to 74 per cent.	To accelerate growth and spur competition in the sector.

4) Pension Fund Regulatory and Development Authority

Date	Regulation	Rationale
January 14, 2021	Ease of Partial withdrawal of NPS Subscribers through self-declaration: Subscribers were allowed partial withdrawal with 'self-declaration' without submitting supporting documents to substantiate the reasons for partial withdrawal	To meet subscribers' needs.
February 3, 2021	D-Remit for NRI Subscribers - D-Remit mode of deposit was extended to NRI subscribers of NPS who can contribute to their NPS accounts from funds in their NRO/NRE accounts. Further, at the time of withdrawal/exit, the proceeds of NPS shall be credited into NRO/NRE account of NRI subscribers.	To simplify the process of deposit of contributions by the subscribers.
February 15, 2021	Transfer of Legacy Funds of NPS Subscribers of Government Sectors (SGs/CABs/SABs) pursuant to opening of choice of Investment schemes and Pension Funds - In case subscribers of the SGs/SABs/CABs decide to open up the choices of pension funds or allocations of funds, then by exercising the option of choice of investment schemes and pension funds, their entire accumulated corpus under PRAN account shall be transferred to the opted Pension Funds /asset allocation. Further, legacy funds of subscribers who have already exercised this option, shall be transferred to the Pension Fund and assets allocation opted by them.	To streamline the process.
March 10, 2021	Enablement of IMPS mode of contribution under D-Remit - The IMPS mode of contribution under D-Remit was enabled.	To facilitate the process of deposit of contributions by the subscribers.

Date	Regulation	Rationale
March 11, 2021	Inter Sector Shifting of NPS Subscribers under Corporate Sector - NPS subscribers of the corporate sector were advised to exercise Inter Sector Shifting (ISS) before leaving their employers and transfer their NPS account to Point of Presence (POP) of their choice.	To enable employees to transfer their NPS account to Point of Presence (POP) of their choice.

5) Insolvency and Bankruptcy Board of India

Date	Regulation	Rationale
December 22, 2020	Extension of suspension of filing of applications for CIRP The Government extended suspension of filing of applications for CIRP for a further period of three months starting from 25 th December 2020.	To prevent companies, which were experiencing COVID-19 related distress from being pushed into insolvency proceedings.
January 14, 2021	Amendment to Insolvency Professional Agencies Regulations The Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2021 were notified to provide for the following: i. Include accountancy, economics and valuation to the fields of expertise for eligibility of an independent director, in addition to the existing fields of finance, law, management or insolvency. ii. The Governing Board of the Insolvency Professional Agency (IPA) shall specify the eligibility norms for shareholder directors. iii. An IPA shall undertake a self-evaluation of its Governing Board and publish the result of the self-evaluation on its website. iv. Directors are required to disclose any order of any authority which affects the character or reputation of the individuals to the IPA within one week of such order and such order shall be placed on the website of the IPA. v. An IPA shall designate or appoint a compliance officer who shall be responsible for ensuring compliance with the provisions of the Code and regulations, circulars, guidelines, and directions issued thereunder.	To improve governance framework of IPAs.

Date	Regulation	Rationale
March 4, 2021	Amendment to Liquidation Process Regulations - The Liquidation Process Regulations were amended to provide that a liquidator shall file the list of stakeholders with the Adjudicating Authority (AA) within forty-five days from the last date for receipt of claims and the same shall also be filed on the electronic platform of the Board for dissemination on its website.	To improve transparency and enable stakeholders to ascertain the details of their claims at a central place.
March 15, 2021	Amendment to CIRP Regulations - The CIRP Regulations were amended to provide for Update of claims by creditors as and when the claim is satisfied, partly or fully, from any source in any manner, after the insolvency commencement date and reporting on specified incomplete activities till completion	To promote transparency and enable timely updating of database regarding progress of CIRP by IBBI.

6) International Financial Service Centres Authority

Date	Regulation	Rationale
February 10, 2021	Ancillary Services at IFSCs: The framework for enabling ancillary services such as legal, compliance and secretarial, auditing, accounting, professional & management consulting services etc. was notified.	To enable ancillary services for the development of financial products, financial services and financial institutions in GIFT IFSC.
February 19, 2021	Framework for Aircraft Operating Lease: A comprehensive framework was issued for aircraft operating lease business in IFSCs in India	To promote development of such businesses.
March 31, 2021	International Financial Services Centres Authority (Finance Company) Regulations, 2021: These regulations provide opportunities to non-bank entities, both Indian as well as foreign, to set up units in the IFSC to undertake a wide range of financial services classified into core, non-core and specialised services.	To provide a regulatory framework for companies in IFSC.
March 31, 2021	International Financial Services Centres Authority (Banking) (Amendment) Regulations, 2021: The amendment provided for Portfolio Management Services and Investment Advisory Services to be included under permissible activities for banking units	To improve the regulatory framework.
April 19, 2021	International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021: The Regulations provided for more flexibility in terms of shareholding of Market Infrastructure Institutions (MIIs) in IFSC.	To enhance governance norms for MIIs.

Date	Regulation	Rationale
May 3,2021	Guidelines on distribution of mutual funds and insurance products by Finance Company /Finance Unit	To allow finance units in IFSC to carry out distribution of mutual funds and insurance on a fee basis, without any risk participation.
June 25, 2021	Framework for undertaking Global/Regional Corporate Treasury Centres Activities in IFSC	To enable units registered as "Finance Company" or "Finance Unit" under Finance Company Regulations, 2021 to perform the functions of Global/ Regional Corporate Treasury Centre allowing them to undertake Treasury Activities and Treasury Services for its Group Entities from IFSC.

