

Directions regarding Registration and Operations of NBFC - Account Aggregators under section 45-IA of the Reserve Bank of India Act, 1934

The Reserve Bank of India, (the Bank) issued a Notification No.....DNBS.(AA) / CGM (CDS)-2016 dated XXXX 2016 in terms of sub-clause (iii) of clause(f) of section 45I of the Reserve Bank of India Act, 1934 (hereinafter referred to “the Act”) and on being satisfied that it is necessary to do so, in exercise of the powers conferred under section 45JA of the Act, and of all the powers enabling it in this behalf, hereby issues these directions for compliance of the same by every non-banking financial company undertaking the business of Account Aggregator as defined herein.

1. Short title, commencement and applicability of the directions :

- (i) These directions shall be known as the "Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016".
- (ii) These directions shall come into force with immediate effect.

2. Scope

These directions provide a framework for the registration and operation of Account Aggregator in India.

3. Definitions

- (1) In these directions unless the context otherwise requires,
 - i. “Account Aggregator” means a non-banking financial company as defined in sub-clause (iii) of clause (f) of section 45-I of the Act, that undertakes the business of an account aggregator, for a fee or otherwise, as defined at clause (iv) of sub-section 1 of section 3 of these directions.
 - ii. "bank" means -
 - a) a banking company; or
 - b) a corresponding new bank; or
 - c) the State Bank of India; or
 - d) a subsidiary bank; or
 - e) such other bank which the Bank may, by notification, specify for the purposes of these directions; and

- f) a cooperative bank as defined under clause (cci) of section 5 read with section 56 of the Banking Regulation Act, 1949 (10 of 1949);
- iii. "Banking company" means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- iv. "business of an account aggregator" means the business of providing under a contract, the service of,
 - retrieving or collecting information of its customer pertaining to such financial assets, as may be specified by the Bank from time to time;
 - and
 - consolidating, organizing and presenting such information to the customer or any other person as per the instructions of the customer;

Provided that, the consolidated statement/ report of the financial assets of the customers, shall not be the property of the Account Aggregator, for any further use. The consolidated statement/ report will be only for use of the customer.

- v. "Company" means a company registered under section 3 of the Companies Act, 1956 or a company registered under sub section (20) of section 2 of the Companies Act, 2013;
- vi. "Customer" for the purpose of these directions means a 'person' who has entered into an arrangement with the Account Aggregator to avail services provided by the Account Aggregator;
- vii. "Depository" means a company formed and registered under the Companies Act and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992;
- viii. "Depository Participant" means a person registered under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992;
- ix. "Financial Assets" means
 - a) bank deposits including fixed deposits, saving deposits, recurring deposits and current deposits,
 - b) Deposits with NBFCs
 - c) Structured Investment Product (SIP)
 - d) Commercial Paper (CP)
 - e) Certificate of Deposit (CD)

- f) Government Securities (Tradable)
 - g) Equity Shares
 - h) Bonds
 - i) Debentures
 - j) Mutual Fund Units
 - k) ETFs
 - l) Indian Depository Receipts
 - m) CIS (Collective Investment Schemes) units
 - n) Alternate Investment Funds (AIF) units
 - o) Insurance Policies
 - p) Balances under the National Pension System (NPS)
 - q) Units of Infrastructure Investment Trusts
 - r) Units of Real Estate Investment Trusts
 - s) Any other asset as may be identified by the Bank for the purposes of these directions, from time to time;
- x. “Financial Sector regulator” for the purpose of these directions, shall mean the Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority and Pension Fund Regulatory and Development Authority;
- xi. “Financial service provider” means bank, banking company, non-banking financial company, asset management company, depository, depository participant, insurance company, insurance repository and such other entity as may be identified by the Bank for the purposes of these directions, from time to time;
- xii. “Insurance Repository” means a company formed under the Companies Act, 1956 and which has been granted a certificate of registration by Insurance Regulatory and Development Authority (IRDA) for maintaining data of insurance policies in electronic form on behalf of insurers.
- xiii. “Leverage Ratio” means the ratio of the Outside Liabilities to Owned Funds.
- xiv. “Non-banking financial company” means a company registered under the Companies Act and which has been granted certificate of registration by the Bank under section 45IA of the Act;

- xv. "Person" means
- a) an individual,
 - b) a Hindu undivided family,
 - c) a company,
 - d) a firm,
 - e) an association of persons or a body of individuals, whether incorporated or not, and
 - f) every artificial juridical person, not falling within any of the preceding sub-clauses.

(2) Words or expressions used in the directions but not defined herein and defined in the Act, shall have the same meaning as assigned to them under that Act. Any other words or expressions not defined in the Act, shall have the same meaning assigned to them in the Companies Act, 1956/ 2013.

4. **Registration and matters incidental thereto**

4.1 (a) No entity other than a company can undertake the business of an Account Aggregator.

(b) No company shall commence or carry on the business as an Account Aggregator without obtaining a certificate of registration from the Bank.

(c) Every company seeking registration with the Bank as Non-Banking Financial Company - Account Aggregator shall have a net owned fund of not less than ₹ two crore or such higher amount, as the Bank may specify.

Provided that, entities being regulated by other financial sector regulators and aggregating only those accounts relating to the financial assets of that particular sector will be excluded from the registration requirement.

4.2 **Process of registration**

4.2.1 Every Account Aggregator shall make an application for registration to the Department of Non-Banking Regulation, Mumbai of the Bank, in the form specified by the Bank for the purpose at Annex 1.

4.2.2 The Bank for the purpose of considering the application for registration shall require to be satisfied that the following conditions are fulfilled:-

- a) The company has the necessary resources and wherewithal to offer such services to customers.
- b) The company has the adequate capital structure to undertake the business of an account aggregator.
- c) The promoters of the company are fit and proper.
- d) The general character of the management or proposed management of the company shall not be prejudicial to the public interest.
- e) The company has submitted a plan for a robust Information Technology system.
- f) The company shall not have a leverage ratio of more than seven.
- g) That the public interest shall be served by the grant of certificate of registration to the Account Aggregator to commence or to carry on the business in India.
- h) Any other condition, fulfilment of which in the opinion of the Bank shall be necessary to ensure that the commencement of or carrying on the business in India shall not be prejudicial to the public interest.

4.2.3 The Bank may, after being satisfied that the conditions specified under paragraph 4.2.2 are fulfilled, grant in-principle approval for setting up of an Account Aggregator subject to such conditions which it may consider fit to impose.

4.2.4 The validity of the in-principle approval issued by the Bank will be twelve months from the date of granting such in-principle approval.

4.2.5 Within the period of twelve months, the company shall put in place the technology platform, enter into all other legal documentations required to be ready for operations and report position of compliance with the terms of grant of in-principle approval to the Bank. The Bank may, after being satisfied that the company is ready to commence operations grant it a Certificate of Registration as an NBFC - Account Aggregator subject to such conditions which it may consider fit to impose.

4.2.6 The Bank may cancel the certificate of registration granted to an Account Aggregator, if such company -

- (a) ceases to carry on the business of an Account Aggregator in India; or

- (b) has failed to comply with any condition subject to which the certificate of registration has been issued to it; or
- (c) it comes to the notice of the Bank that the Account Aggregator is no longer eligible to hold the certificate of registration; or
- (d) at any time fails to fulfill any of the conditions referred to in paragraphs 4.2.2 and 4.2.5; or
- (e) fails to -
 - i) comply with any direction issued by the Bank; or
 - ii) maintain accounts, publish and disclose its financial position in accordance with the requirements of any law or any direction or order issued by the Bank; or
 - iii) submit or offer for inspection its books of account or other relevant documents when so demanded by the Bank.

5. Duties and Responsibilities of an Account Aggregator

- a) Account Aggregator shall ensure that the providing of services to a customer who has made a specific application for availing such services, would be backed by appropriate agreements/ authorisations between the Account Aggregator, the customer and the Financial Service providers.
- b) Account Aggregator shall not support transactions in financial assets by customers.
- c) Account Aggregator shall ensure appropriate mechanisms for proper customer identification.
- d) Account Aggregator shall share information as referred to under paragraph 3(iv) only with the customer to whom it relates or any other person authorized by the customer. The process of authentication of the authorization has to be robust.
- e) Account Aggregator shall not undertake any other business other than the business of account aggregator. Deployment of investible surplus by an Account Aggregator in instruments, not for trading, shall however be permitted.

- f) No financial asset related customer information pulled out by the Account Aggregator from the financial service providers should reside with the Account Aggregator.
- g) Account Aggregator shall have a Citizen Charter that explicitly guarantees protection of the rights of a customer. The Account Aggregator shall not part with any information that it may come to acquire from/ on behalf of a customer.
- h) In the event of any difference in position of financial assets in the statement generated from the Account Aggregator and the books of the Financial Service provider, the position as reflected in the records of the Financial Service provider shall be considered correct.

6. Data Security

- (a) Business of an Account Aggregator will be entirely Information Technology (IT) driven.
- (b) The technology should also be scalable to cover any other financial assets or financial service provider as may be identified by Bank in future.
- (c) There shall be adequate safeguards built in its IT systems to ensure that it is protected against unauthorised access, alteration, destruction, disclosure or dissemination of records and data;
- (d) Appropriate measures for Disaster Risk Management and Business Continuity shall be in place.
- (e) Information System Audit of the internal systems and processes shall be in place and shall be conducted at least once in two years by external auditors. Report of the external auditor shall be submitted to the Regional Office of the Department of Non-Banking Supervision of the Bank, under whose jurisdiction the Registered Office of the Account Aggregator is located, within one month of submission of the report by the external auditor.

7. Customer Grievance

7.1 An account aggregator shall have in place a Board approved policy for handling/ disposal of customer grievances/ complaints. It shall have a dedicated set-up to address customer grievances/ complaints.

7.2 Customer complaints shall be handled/ disposed off by the Account Aggregator within such time and in such manner as provided for in its Board approved policy, but in any case not beyond a period of one month from its receipt.

7.3 At the operational level, Account Aggregator shall display the following information prominently, for the benefit of customers, on the website and at the place/s of business:

(a) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the company.

(b) that if the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Bank.

8. Pricing

8.1 An Account Aggregator would require to have a Board approved policy for pricing of services. Pricing of services will be in strict conformity with the internal guidelines adopted by the Account Aggregator which need to be transparent and available in public domain.

9. Corporate Governance

9.1 An Account Aggregator shall have adequate internal mechanisms for reviewing, monitoring and evaluating its controls, systems, procedures and safeguards. The integrity of the IT systems shall be maintained at all times and all necessary precautions taken to ensure that the records are not lost, destroyed or tampered with.

9.2 **Audit Function**

9.2.1 An Account Aggregator shall constitute an Audit Committee, consisting of not less than three members of its Board of Directors.

Explanation I : The Audit Committee constituted by a non-banking financial company as required under Section 177 of the Companies Act, 2013 shall be the Audit Committee for the purposes of this paragraph.

Explanation II : The Audit Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

9.3 **Nomination Committee**

9.3.1 An Account Aggregator shall form a Nomination Committee consisting of not less than three members of its Board of Directors to ensure 'fit and proper' status of proposed/ existing directors.

Explanation I : The Nomination Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

9.4 **Risk Management Committee**

9.4.1 The account aggregator shall establish a well-documented risk management framework which shall include

- a) A sound and robust technology risk management framework;
- b) Strengthening system security, reliability, resiliency, and recoverability; and
- c) Deploying strong authentication to protect access to customer data and systems.

9.4.2 To manage the integrated risk, an Account Aggregator shall form a Risk Management Committee consisting of not less than three members of its Board of Directors. The Risk Management Committee should

- a) give due consideration to factors such as reputation, customer confidence, consequential impact and legal implications, with regard to investment in controls and security measures for computer systems, networks, data centres, operations and backup facilities.

b) have oversight of technology risks and ensure that the organisation's IT function is capable of supporting its business strategies and objectives.

9.5 Fit and Proper Criteria

9.5.1 An Account Aggregator shall

- i. ensure that a policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors/ managing director/ CEO at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in Annex 3;
- ii. obtain a declaration and undertaking from the directors/ managing director/ CEO giving additional information on the directors/ managing director/ CEO. The declaration and undertaking shall be on the lines of the format given in Annex 4;
- iii. obtain a Deed of Covenant signed by the directors/ managing director/ CEO, which shall be in the format as given in Annex 5;
- iv. furnish to the Bank an annual statement on change of directors/ managing director/ CEO duly certified by the Statutory Auditors that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Bank within 15 days of the close of the year.

10. Requirement to obtain prior approval of the Bank for acquisition or transfer of control of Account Aggregators –

10.1 (i) The prior written permission of the Bank shall be required for -

- a) any takeover or acquisition of control of an Account Aggregator, which may or may not result in change of management;
- b) any change in the shareholding of an Account Aggregator, including progressive increases over time, which would result in acquisition / transfer of shareholding of 26 per cent or more of the paid up equity capital of the Account Aggregator.

Provided that, prior approval would not be required in case of any shareholding going beyond 26% due to buyback of shares / reduction in capital where it has approval of a competent Court. The same is to be reported to the Bank not later than one month from its occurrence;

c) any change in the management of the Account Aggregator which would result in change in more than 30 per cent of the directors, excluding independent directors.

Provided that, prior approval would not be required in case of directors who get re-elected on retirement by rotation.

d) any change in shareholding that will give the acquirer a right to nominate a director.

10.2 Application for prior approval

(i) An Account Aggregator shall submit an application, on the company letter head, for obtaining prior approval of the Bank, along with the following documents:

- a) Information about the proposed directors/ shareholders as per the Annex 2;
- b) Sources of funds of the proposed shareholders acquiring the shares in the Account Aggregators;
- c) Declaration by the proposed directors/ shareholders that they are not associated with any unincorporated body that is accepting deposits;
- d) Declaration by the proposed directors/ shareholders that they are not associated with any company, the application for Certificate of Registration of which has been rejected by the Bank;
- e) Declaration by the proposed directors/ shareholders that there is/ was no criminal cases, including proceedings initiated under section 138 of the Negotiable Instruments Act, 1881 against them; and
- f) Bankers' Report on the proposed directors / shareholders.

(ii) Applications in this regard may be submitted to the Department of Non-Banking Regulation, Mumbai of the Bank.

10.3 Public notice about change in control/ management

i. A public notice of at least 30 days shall be given before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares. Such public notice shall be given by the Account Aggregator

and also by the other party or jointly by the parties concerned, after obtaining the prior permission of the Bank.

ii. The public notice shall indicate the intention to sell or transfer ownership/ control, the particulars of transferee and the reasons for such sale or transfer of ownership/ control. The notice shall be published in at least one leading national and in one leading local (covering the place of registered office) vernacular newspaper.

10.4 Information with respect to change of address, directors, auditors, etc. to be submitted

Every Account Aggregator shall communicate, not later than one month from the occurrence of any change in :

- (a) the complete postal address, telephone number/s and fax number/s of the registered / corporate office;
- (b) the names and residential addresses of the directors of the company;
- (c) the names and office address of the auditors of the company; and
- (d) the specimen signatures of the officers authorised to sign on behalf of the company

to the Regional Office of the Department of Non-Banking Supervision of the Bank in whose jurisdiction the Registered Office of the Account Aggregator is located.

11. Returns

The Bank may, from time to time, prescribe return/s to be submitted by Account Aggregator as deemed fit.

12. Supervision

The Bank may, at any time, cause an inspection by one or more of its officers or employees or other persons of any Account Aggregator and at any intervals as it deems fit.

13. Exemptions

13.1 The Bank may, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, grant extension of time to comply with or exempt any company or class of companies or all companies, from all or any of the provisions of these guidelines either generally or for any specified period, subject to such conditions as the Bank may impose.

13.2 The Bank can give any clarification in respect of the above directions and such clarification shall be treated as part of these directions. The directions can be amended by the Bank from time to time.

ANNEX 1

APPLICATION FORM FOR REGISTRATION WITH RBI UNDER SECTION 45-IA OF THE RBI ACT, 1934

FORM OF APPLICATION FOR CERTIFICATE OF REGISTRATION TO COMMENCE/CARRY ON THE BUSINESS OF AN ACCOUNT AGGREGATOR BY A COMPANY

Name and address of registered office of the company
(in block letters)

By Registered Post A.D./Hand Delivery

To

The Chief General Manager
Department of Non-Banking Regulation
Reserve Bank of India,
2nd Floor, World Trade Centre
Cuffe Parade,
Mumbai 400 005

Dear Sir,

Application for a Certificate of Registration to commence the business of a NBFC-AA

We make this application in terms of sub-section (2) of section 45-IA of the Reserve Bank of India Act, 1934 for issue of a Certificate of Registration. The required documents/information as per the instructions are furnished.

We are desirous of commencing the business of account aggregator. Hence, we hereby request you to kindly issue the necessary Certificate of Registration under sub-section (1) of section 45-IA of the Reserve Bank of India Act, 1934 to enable our company to commence/carry on* the business of an Account Aggregator.

We declare that to the best of our knowledge and belief the information furnished in the statements/annexes enclosed hereto is true/correct and complete.

	Yours faithfully,
	Signature:
Date:	Name:
Place:	Designation:
	Company Seal:

Encl. :Sheets

Note: The company is advised to refer to the Instructions and Checklist for NBFCs-AA

INSTRUCTIONS

(Fill up the application form strictly in accordance with these instructions)

GENERAL

- (1) Application should be made in the prescribed form only. Wherever space is insufficient, information may be furnished in separate sheet/s.
- (2) Application along with enclosures duly completed should be duly filed, page numbered and submitted in duplicate to the Department of Non-Banking Regulation, Reserve Bank of India, Mumbai.
- (3) A photocopy of the application as submitted may be kept with the company for its record.
- (4) Application should be signed by any of the following officials authorised by the Board of Directors, in this behalf (*viz.*, Chairman, Managing Director, Chief Executive Officer, Company Secretary, a whole-time Director or any other official).
- (5) Application should bear common seal of the company.

Annex 1A

- (6) In case the company has changed its name earlier, a list of all the earlier names of the company and date/s of change together with the names of Chief Executive Officer and Chairman at the time of change of name along with the reasons for such a change should be furnished.
- (7) If the company has ever defaulted in timely repayment of deposit and payment of interest, a list of all such pending cases and the action taken in respect of each case should be furnished. The company should also submit a list containing the details of all the court cases pending against it, including those pending in consumer fora.

Annex 1B

- (8) The particulars/information to be furnished in Annex IB of the application should be based on figures as disclosed in the **latest** annual audited balance-sheet. However, in the case of a newly incorporated company, such particulars/ information should be based on the balance-sheet as on a date falling **within thirty days** preceding the date of application.
- (9) The contents of Annex IB should be certified by the Statutory Auditors.

Annex 2

- (10) Please ensure that names (spelling, etc.) and addresses (at item No.5 & 6) tally with DIN allotment letter. Please explain reasons for variations, if any, and support the claim of genuineness with a magistrate's certificate
- (11) 'Substantial interest' means holding of beneficial interest by an individual or his/her spouse or minor child, whether singly or taken together, in shares of a company/capital of a firm, the amount paid-up on which exceeds 10 per cent of the paid-up capital of the company or total capital subscribed by all the partners of a partnership firm.

IDENTIFICATION PARTICULARS

COMPANY CODE (to be filled by RBI)		
1	Name of the Company	
1.2	Whether the company had changed its name earlier? [Please see item (6) of instructions]	Yes/No
2	Date of incorporation	
2.1	Corporate Identification Number(CIN) allotted by RoC	
2.2	Permanent Account Number (PAN) of the Company	
3	Date of commencement of business (in case of public limited company)	
4	State in which the company is registered	
5	Full Address of the Company	
(i)	Registered Office	
	Phone No:	Fax:
	Email	
(ii)	Corporate/Administrative Office	
	Phone No:	Fax:
(iii)	No. of branches	
6	Status	(a) Public (b) Private (c) Deemed public (d) Government Company (d) Other (to be specified)
7	Details of Holding/Subsidiary/Associate group Companies/ Companies in the group	
(i)	Name	
(ii)	Address	
(iii)	Nature of business	
(iv)	Phone	
(v)	Fax	
(vi)	E- mail	
(vii)	Is the company regulated by other regulators such as SEBI, IRDA, FMC, etc.	Yes/No
	If yes	
	(a) Regulator along with its mailing address and email id	
	(b) Approval/Certificate/Registration No.	
(viii)	Action, if any, initiated/pending against the company by the regulator with details(strictures, penalties, adjudications, investigations etc)	
8	Whether the company has ever accepted deposits in the past?	Yes / No
(i)	If yes, whether the company has defaulted in the repayment of principal and/or payment of interest	Yes / No

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	on deposits at any time? [Please see item (7) of instructions]	
9	Total Assets of the Applicant company (in Rs. Crores)	
10	Name/s of Statutory Auditor/s of the company with address/es	
11	Name/s & Address/es of bankers of the company	
12	Whether the company has committed any default in repayment of any loan, advance or any other credit facility availed from any bank/NBFC / Financial Institution?	Yes/No
(i)	If yes, furnish full details, such as name of Bank/NBFC/ Financial Institution, Branch, type of facility, period and quantum of default, etc.	
13	Details of pending cases against the company, if any	
14	Name and Designation of CEO/Authorised official	
Date		Signature
Place		Name
Company Seal		Designation

Annex IB

STATEMENT OF CAPITAL FUNDS AS ON.....

(Rs. in thousands)

CAPITAL FUNDS

<i>Item Name</i>	<i>Item Code</i>	<i>Amount Rs.</i>
(i) Paid-up Equity Capital	111	
(ii) Free reserves (Please see note below) :		
(a) General Reserves	112	
(b) Share Premium	113	
(c) Capital Reserves (representing surplus on sale of assets held in separate account)	114	
(d) Debentures Redemption Reserve	115	
(e) Capital Redemption Reserve	116	
(f) Credit Balance in P & L Account	117	
(g) Other free reserves (to be specified)	118	
(iii) Total (111 to 118)	110	
(iv) Accumulated balance of loss	121	
(v) Deferred Revenue Expenditure	122	
(vi) Other Intangible Assets	123	
(vii) Total (121 to 123)	120	
(viii) Owned funds (110 - 120)	130	

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Note : 'Free reserves' shall include balance in share premium account, capital and debenture redemption reserves and any other reserves shown in the balance-sheet and created through an allocation out of profits but not being (a) a reserve created for repayment of any future liability or for depreciation on assets or for bad debts, or (b) a reserve created by revaluation of assets of the company.

<i>Item Name</i>	<i>Item Code</i>	<i>Amount Rs.</i>
(ix) Investment in shares of: [please see Note (1) below] :		
(a) Subsidiaries	141	
(b) Companies in the same Group	142	
(c) Other non-banking financial companies	143	
(x) The book value of debentures bonds, outstanding loans and advances (including hire-purchase and lease finance) made to and deposits with [please see note (2) below] :		
(a) Subsidiaries	144	
(b) Companies in the same Group	145	
(xi) Total (141 to 145)	140	
(xii) Amount of item 140 in excess of 10 per cent of item 130 above	150	
(xiii) Net owned funds (130 - 150)	151	

Notes :

1. Investments in shares includes investment in fully convertible debentures and/or convertible portion of partially convertible debentures. Investments held either in investment account or stock-in-trade should be included under this item.
2. Debentures whether held in investment account or by way of stock-in-trade should be included under this item. Non-convertible debentures, non-convertible portion of partially convertible debentures and optionally convertible debentures should also be included under this item.

Certified that the data/information furnished in this statement are in accordance with the guidelines issued by the Reserve Bank of India. They have been compiled from the books of account and other records of the company and to the best of my knowledge and belief they are correct.

For and on behalf of

	Name of the Company :	
	Signature :	
Date :	Name :	
	Designation :	
Place :	Company Seal :	

AUDITOR'S REPORT

We have examined the books of account and other records maintained by.....Limited in respect of the capital funds as on.....and report that to the best of our knowledge and according to the information and explanations given to us and as shown by the record examined by us, the figures shown in the statement are correct.

Place:

Date :

Statutory Auditors

An indicative list of basic documents/information to be furnished along with the application. All documents/information is to be submitted in duplicate.

Sr. No	Requirements to be complied with and documents to be submitted to RBI by Companies for obtaining certificate and Registration from RBI as NBFC - AA	Page no. in the file
1.	Minimum NOF requirement Rs. 200 lakh.	
2.	Application to be submitted in two separate sets tied up properly in two separate files and properly page numbered.	
3	Identification particulars (Annex 1A).	
4	Statement on capital funds (Annex 1B).	
5	Information about the management (Annex 2)	
6	Details of change in the management of the company during last financial year till date if any and reasons thereof.	
7	Certified copies of Certificate of Incorporation and Certificate of Commencement of Business in case of public limited companies.	
8	Certified copies of up-to-date Memorandum and Articles of Association of the company.	
9	Details of clauses in the memorandum relating to financial business.	
10	Details of changes in the Memorandum and Articles of Association duly certified.	
11	Copy of PAN/CIN allotted to the company.	
12	Annex 2 (directors' profile) to be separately filled up and signed by each director. Care should be taken to give details of bankers in respect of firms/companies/entities in which directors have substantial interest.	
13	In case the directors are associated with or without substantial interest (indicate %of holding in each company firm) in other companies, indicate clearly the activity of the companies and details of their regulators if any.	
14	Certificate from the respective NBFC/s where the Directors have gained NBFC experience.	

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15	Copy of PAN and DIN allotted to the Directors.	
16	CIBIL Data pertaining to Directors of the company	
17	Financial Statements of the last 2 years of Unincorporated Bodies, if any, in the group where the directors may be holding directorship with/without substantial interest.	
18	Certificate of compliance with section 45S of Chapter IIIC of the RBI Act, 1934 regarding unincorporated bodies with which director/s of the company are associated.	
19	Whether any prohibitory order was issued in the past to the company or any other NBFC/RNBC with which the directors/promoters etc. were associated? If yes, details there of.	
20	Whether the company or any of its directors was/is involved in any criminal case, including under section 138(1) of the Negotiable Instruments Act? If yes, details thereof.	
21	Board Resolution specifically approving the submission of the application and its contents and authorising signatory.	
22	Board Resolution to the effect that the company has not accepted any public deposit, in the past (specify period)/does not hold any public deposit as on the date and will not accept the same in future without the prior approval of Reserve Bank of India in writing.	
23	Board resolution stating that the company is not carrying on any financial activity.	
24	Statutory Auditors Certificate certifying that the company is/does not accept/is not holding Public Deposit.	
25	Statutory Auditors Certificate certifying that the company is not carrying on any NBFC activity.	
26	Statutory Auditors Certificate certifying net owned fund as on date of the application.	
27	Details of Authorised Share Capital and latest shareholding pattern of the company including the percentages. Documentary evidence for change in shareholding pattern, if undergone.	
28	Copy of Fixed Deposit receipt & bankers certificate of no lien indicating balances in support of NOF	
29	Details of infusion of capital if any during last financial year together with the copy of return of allotment filed with Registrar of Companies.	
30	Details of the bank balances/bank accounts/complete postal address of the branch/bank, loan/credit facilities etc. availed.	
31	Details of unsecured loans if any, raised by the company from others (including the directors) during the year and if these fall in the exempted category of Public	

	deposits certified by the Auditor.	
32	<p>A certificate of Chartered Accountant regarding details of group/associate/subsidiary/holding/related companies is submitted.</p> <p><i>(“Companies in the group” being an arrangement involving two or more entities related to each other through any of the following relationships, viz; subsidiary-parent (defined in terms of AS-21), Joint Venture (defined in terms of AS 27), Associate (defined in terms of AS 23), promoter-promotee (as provided in the SEBI-Acquisition of shares and takeover) Regulations, 1997) for listed companies, a related party (defined in terms of AS 18) Common brand name, and investment in equity shares of 20% and above.)</i></p> <p>Details should include names of the company, its activity, whether it is a financial entity having regulators like RBI/ SEBI/ IRDA/ FMC/ NHB/ Foreign Regulators. If they are unregulated give the details of their activities, principal banker’s name, address, account no. Whether the names of these companies are appearing in the balance sheet of the applicant company. If not, indicate why they are not appearing. Whether overseas group companies were established under general permission route or under approval from appropriate authority if any. If there are other NBFCs in the group, justification of having another NBFC.</p>	
33	Brief background note on the activities of the company during the last three years and the reasons for applying for NBFC registration.	
34	Whether the company has applied to RBI in the past for registration, if rejected, give full details.	
35	Last three years Audited balance sheet and Profit & Loss account along with directors & auditors report or for such shorter period as are available (for companies already in existence).	
36	Details of the technology platform. Details of the technology provider.	
37	Source of the startup capital of the company substantiated with documentary evidence. Provide Self attested Bank Statement/IT returns etc.	
38	Details of mergers and acquisition with/of other companies if any together with supporting documents.	
39	Are there any incidents of non-compliance with the directions of Revenue Authorities or any other statutory authority by the applicant company, its holding company/ subsidiaries, If yes, give particulars, else report "Nil"	

Note: (1) The Above Checklist is indicative and not exhaustive. Bank can, if necessary, call for any further documents to satisfy themselves on the eligibility for obtaining registration as NBFC.

(2) In the event of the Bank calling for further documents in addition to those mentioned above, the applicant company is supposed to respond within a stipulated time of one month failing which the original CoR application may be returned to the company for resubmission afresh with the required information/documents.

INFORMATION ABOUT THE PROPOSED PROMOTERS/ DIRECTORS/SHAREHOLDERS OF THE COMPANY

Sr. No.	Particulars Required	Response
1	Name	
2	Designation	Chairman/ Managing Director/ Director/ Chief Executive Officer
3	Nationality	
4	Age (to be substantiated with date of birth)	
5	Business Address	
6	Residential Address	
7	E-mail address/ Telephone number	
8	PAN Number under Income Tax Act	
9	Director Identification Number (DIN)	
10	Social security number/Passport No.*	
11	Educational/professional qualifications	
12	Professional Achievement relevant to the job	
13	Line of business or vocation	
14	Any other information relevant to the Company	
15	Name/s of other companies in which the person has held the post of Chairman/ Managing Director/ Director/ Chief Executive Officer	
16	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator) of the entities mentioned in which the persons hold directorships	
17	Name/s of the NBFCs, if any, with which the person is associated as Promoter, Managing Director, Chairman or Director including a Residuary Non-Banking Financial Company, which has been prohibited from accepting deposits/ prosecuted by RBI ?	
18	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the person and/or against any of the entities he is associated with for violation of economic laws and regulations	
19	Cases, if any, where the person or relatives of the person or the companies in which the person is associated with, are in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
20	If the person is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the	

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	past against him/ her or whether he/ she has been banned from entry of any professional occupation at any time	
21	Whether the person attracts any of the disqualification envisaged under Section 164 of the Companies Act, 2013	
22	Has the person or any of the companies, he/ she is associated with, been subject to any investigation at the instance of the Government Department or Agency	
23	Has the person at any time been found guilty of violations of rules/ regulations/ legislative requirements by Customs/ Excise/ Income Tax// Foreign Exchange/ Other Revenue Authorities, if so, give particulars	
24	Equity shareholding in the company	
(i)	No. of shares
(ii)	Face value	Rs.
(iii)	Percentage to total paid up equity share capital of the company
25	Name/s of the companies, firms and proprietary concerns in which the person holds substantial interest	
26	Names of the principal bankers to the concerns at 26 above	
27	Names of the overseas bankers *	
28	Whether number of directorships held by the person exceeds the limits prescribed under Section 165 of the Companies Act, 2013	
		Signature :
	Date :	Name :
	Place:	Designation :
		Company Seal :

*** For foreign promoters/ directors/ shareholders**

Note:

- (i) Separate form should be submitted in respect of each of the proposed promoters/ directors/ shareholders

INFORMATION ABOUT CORPORATE PROMOTER

Sr. No.	Particulars Required	Response
1	Name	
2	Business Address	
3	E-mail address/ Telephone number	
4	PAN Number under Income Tax Act	
5	Name and contact details of compliance officer	
6	Line of business	
7	The details of their major shareholders (more than 10%) and line of activity, if corporates	
8	Names of the principal bankers/ overseas bankers *	
9	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator)	
10	Specify the names of companies in the group which have been prohibited from accepting deposits/ prosecuted by RBI ?	
11	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the corporate for violation of economic laws and regulations	
12	Cases, if any, where the corporate, is in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
13	Whether the corporate has been subject to any investigation at the instance of the Government Department or Agency	
14	Has the Corporate at any time been found guilty of violations of rules/ regulations/ legislative requirements by Customs/ Excise/ Income Tax// Foreign Exchange/ Other Revenue Authorities, if so, give particulars	
15	Has the promoter corporate/ majority shareholder of the promoter corporate, if a corporate, ever applied to RBI for CoR which has been rejected	
		Signature :
	Date :	Name :
	Place:	Designation :
		Company Seal :

* For foreign corporate

Fit and Proper' Criteria for directors of NBFC-AAs

NBFC-AA are advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- (a) NBFC-AA should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. NBFC-AA should obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given at Annex- 4.
- (b) The process of due diligence should be undertaken by the NBFC-AA at the time of appointment / renewal of appointment.
- (c) The board of the NBFC-AA should constitute Nomination Committee to scrutinize the declarations.
- (d) Based on the information provided in the signed declaration, Nomination Committee should decide on the acceptance or otherwise of the directors, where considered necessary.
- (e) Where there is any change in information provided by the directors earlier, the same should be furnished by them to the NBFC – AA immediately.
- (f) NBFC-AA should obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- (g) The Board of the NBFC-AA must ensure in public interest that the nominated/ elected directors execute the deeds of covenants in the format given in Annex-5.

Name of NBFC- AA: _____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)

I. Personal details of director

- a. Full name
- b. Date of Birth
- c. Educational Qualifications
- d. Relevant Background and Experience
- e. Permanent Address
- f. Present Address
- g. E-mail Address / Telephone Number
- h. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle
- i. Any other information relevant to Directorship of the NBFC-AA

II Relevant Relationships of director

- a. List of Relatives if any who are connected with the NBFC-AA (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)
- b. List of entities if any in which he/ she is considered as being interested (Refer Sections 299(3)(a) and 300 of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)
- c. List of entities in which he/ she is considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007
- d. Name of NBFCs in which he/ she is or has been a member of the board (giving details of period during which such office was held)
- e. Fund and non-fund facilities, if any, presently availed

of by him/ her and/ or by entities listed in II (b) and (c) above from the NBFCs

- f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from any NBFC / bank.

III Records of professional achievements

- a. Relevant professional achievements

IV. Proceedings, if any, against the director

- a. If the director is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.
- b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/ or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations
- c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
- d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?
- e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?
- f. Has the director at any time been found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise/ income tax/ foreign exchange/ other revenue authorities, if so give particulars

- g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA, PFRDA, NHB.

(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/ setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)

- V. Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper

Undertaking

I confirm that the above information is to the best of my knowledge, information and belief true and complete. I undertake to keep the NBFC-AA fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all directors of the NBFC-AA.

Place :

Signature

Date :

VI. Remarks of Chairman of Nomination Committee/Board of Directors of NBFC-AA

Place :

Signature

Date:

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ **BETWEEN** _____, having its registered office at _____ (hereinafter called the 'NBFC-AA ") of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

A. The director has been appointed as a director on the Board of Directors of the NBFC-AA (hereinafter called "the Board") and is required as a term of his/ her appointment to enter into a Deed of Covenants with the NBFC-AA.

B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS :

1. The director acknowledges that his/ her appointment as director on the Board of the NBFC-AA is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC-AA and the provisions of this Deed of Covenants.

2. The director covenants with the NBFC-AA that :

(i) The director shall disclose to the Board the nature of his/ her interest, direct or indirect, if he/ she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC-AA and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he/ she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(ii) The director shall disclose by general notice to the Board his/ her other directorships, his/ her memberships of bodies corporate, his/ her interest in other entities and his/ her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The director shall provide to the NBFC-AA a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

- (iv) The director shall in carrying on his / her duties as director of the NBFC-AA:
 - (a) use such degree of skill as may be reasonable to expect from a person with his/ her knowledge or experience;
 - (b) in the performance of his/ her duties take such care as he/ she might be reasonably expected to take on his/ her own behalf and exercise any power vested in him/ her in good faith and in the interests of the NBFC-AA;
 - (c) shall keep himself/ herself informed about the business, activities and financial status of the NBFC-AA to the extent disclosed to him/ her;
 - (d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his/ her obligations as director of the NBFC-AA;
 - (e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC-AA;
 - (f) shall bring independent judgment to bear on all matters affecting the NBFC-AA brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - (g) shall in exercise of his/ her judgement in matters brought before the Board or entrusted to him/ her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/ her independent judgement; and
 - (h) shall express his/ her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his/ her independent judgement;
- (v) The director shall have :
 - (a) fiduciary duty to act in good faith and in the interests of the NBFC-AA and not for any collateral purpose;
 - (b) duty to act only within the powers as laid down by the NBFC-AA's Memorandum and Articles of Association and by applicable laws and regulations; and
 - (c) duty to acquire proper understanding of the business of the NBFC-AA.
- (vi) The director shall :
 - (a) not evade responsibility in regard to matters entrusted to him/ her by the Board;
 - (b) not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC-AA and wherever the director has reasons to believe otherwise, he/ she shall forthwith disclose his/ her concerns to the Board; and
 - (c) not make improper use of information disclosed to him/ her as a member of

the Board for his/ her or someone else's advantage or benefit and shall use the information disclosed to him/ her by the NBFC-AA in his/ her capacity as director of the NBFC-AA only for the purposes of performance of his/ her duties as a director and not for any other purpose.

3. The NBFC-AA covenants with the director that:

(i) the NBFC shall apprise the director about:

- (a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- (b) control systems and procedures;
- (c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
- (d) qualification requirements and provide copies of Memorandum and Articles of Association;
- (e) corporate policies and procedures;
- (f) insider dealing restrictions;
- (g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
- (h) appointments of Senior Executives and their authority;
- (i) remuneration policy,
- (j) deliberations of committees of the Board, and
- (k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(ii) the NBFC-AA shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC-AA and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

(iii) the disclosures to be made by the NBFC-AA to the directors shall include but not be limited to the following :

- (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
- (b) NBFC-AA's strategic and business plans and forecasts;
- (c) organisational structure of the NBFC-AA and delegation of authority;

- (d) corporate and management controls and systems including procedures;
- (e) economic features and marketing environment;
- (f) information and updates as appropriate on NBFC-AA's products;
- (g) information and updates on major expenditure;
- (h) periodic reviews of performance of the NBFC-AA; and
- (i) report periodically about implementation of strategic initiatives and plans;

(iv) the NBFC-AA shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The NBFC-AA shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The director shall not assign, transfer, sublet or encumber his/ her office and his/ her rights and obligations as director of the NBFC-AA to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC-AA.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and/ or supplements and/ or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the NBFC-AA.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the NBFC-AA

Director

By

Name:

Name:

Title:

In the presence of:

1.

2.