RBI/2018-19/82
DNBR (PD) CC.No.95/03.10.001/2018-19 November 29, 2018

All NBFCs

Madam/Sir,

Relaxation on the guidelines to NBFCs on securitisation transactions

Please refer to the Guidelines on Securitisation Transactions vide paragraph 102 of Master Directions on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions dated September 01, 2016 and paragraph 89 of Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions dated September 01, 2016.

2. In order to encourage NBFCs to securitise/assign their eligible assets, it has been decided to relax the Minimum Holding Period (MHP) requirement for originating NBFCs, in respect of loans of original maturity above 5 years, to receipt of repayment of six monthly instalments or two quarterly instalments (as applicable), subject to the following prudential requirement:

Minimum Retention Requirement (MRR) for such securitisation/assignment transactions shall be 20% of the book value of the loans being securitised/20% of the cash flows from the assets assigned.

3. The above dispensation shall be applicable to securitisation/assignment transactions carried out during a period of six months from the date of issuance of this circular. Other terms and conditions of the above referred Directions remain the same.

Yours faithfully

(Manoranjan Mishra)
Chief General Manager