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Regulatory Updates

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Jun 06, 2025: Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025

Tags:

Foreign Currency Accounts, Diamond Dollar Account, Compliance Amendment, RBI Regulation

Summary:

The Reserve Bank of India has issued the Sixth Amendment to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2025, substituting the words and figures "2 years" with "three years" in the in the first paragraph of 'Application for Opening Diamond Dollar Account/s'

This update, effective upon publication in the Official Gazette, impacts persons and entities in India engaged in diamond exports who utilize these accounts, providing them with an extended period for account operations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12860&Mode=0

Jun 06, 2025: Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025

Tags:

Gold Loans, Loan-to-Value (LTV), Auction Procedures, Collateral Management

Summary:

The Reserve Bank of India's 2025 regulation consolidates guidelines for lending against gold and silver collateral across regulated entities (REs) including commercial banks, cooperative banks, and NBFCs.

It introduces a standardized procedure for valuation and assaying of gold and silver, mandates LTV ratios for loans based on their amount, and sets forth stricter conduct and auction procedures. These changes aim to harmonize the regulatory framework, enhance transparency, and improve risk management for loans involving gold and silver collateral, impacting all REs that provide such loans.

Insights:

- Valuation of gold and silver is based on recent average prices for purity, excluding costs like stones or gems.
- Maximum Loan-to-Value (LTV) ratios depend on the loan amount, with higher ratios for smaller loans (up to 85%) and decreasing as loan size increases (up to 70%).
- Loans against primary gold or silver assets like ETFs are prohibited, and ownership authenticity must be verified to prevent misuse.
- Lending against re-pledged gold or silver is not permitted, thereby ensuring collateral integrity.
- Collateral weight limits are specified- up to 1 kg for gold ornaments, 10 kg for silver ornaments, 50 grams for gold coins, and 500 grams for silver coins.

- Transparent auction processes are mandated, with recovery details and unclaimed collateral recorded to facilitate borrower protection.
- Renewals, top-ups, and classifications as standard loans require proper credit assessment and documentation.
- The directions emphasize harmonization across diverse financial institutions and strict compliance deadlines (by April 1, 2026)

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12859&Mode=0

Jun 06, 2025: Maintenance of Cash Reserve Ratio (CRR)

Tags:

Cash Reserve Ratio (CRR), Net Demand and Time Liabilities (NDTL), Compliance Reduction

Summary:

The Reserve Bank of India (RBI) has decided to reduce the Cash Reserve Ratio (CRR) for all banks by 100 basis points in four equal decrements of 25 basis points, resulting in a decrease from 3.75% to 3.0% of net demand and time liabilities (NDTL).

This regulation directly impacts all banks, requiring them to adjust their CRR maintenance to align with the RBI's new stipulations.

Insights:

- Banks are required to adjust their CRR holdings progressively to 3.75%, 3.5%, 3.25%, and 3.0% of NDTL starting Sept 6, Oct 4, Nov 1, and Nov 29, 2025, respectively.
- Review and align operational processes to accommodate the phased reduction in CRR by updating reserve management strategies for each implementation date.
- Banks need to communicate changes tied to CRR adjustments with internal and external stakeholders to ensure clarity in financial operations and reporting starting September 2025.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12858&Mode=0

Jun 06, 2025: Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate

Tags:

Penal Interest Rates, CRR and SLR Requirements, Bank Rate Adjustment, Reserve Requirements

Summary:

The Reserve Bank of India (RBI) has updated the penal interest rates linked to the Bank Rate for shortfalls in adhering to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements. There has been a decrease in the Bank Rate from 6.25% to 5.75% effective immediately, as per the Monetary Policy Statement 2025-26 announced on June 06, 2025.

The revised penal interest rates for reserve requirement shortfalls are the Bank Rate plus 3% (5.75% + 3 = 8.75%) or the Bank Rate plus 5% (5.75% + 5 = 10.75%), impacting all banks that need to comply with CRR and SLR mandates.

Insights:

- Banks must immediately adjust their systems to implement the new Bank Rate of 5.75% when calculating penal interest on CRR and SLR shortfalls.
- Regulated entities should update their compliance documentation and educate relevant teams to reflect the revised penal interest rates due to the new Bank Rate.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12857&Mode=0

Jun 06, 2025: Review of Qualifying Assets Criteria

Tags:

Qualifying Assets, NBFC-MFIs, Microfinance Loans, Regulatory Compliance, Asset Criteria Revision

Summary:

The Reserve Bank of India (RBI) has revised the qualifying assets criteria for Non-Banking Financial Companies-Microfinance Institutions (NBFC-MFIs) as per the updated Master Direction issued on June 06, 2025.

Now, NBFC-MFIs must ensure that qualifying assets constitute at least 60 percent of total assets (net of intangible assets) on an ongoing basis, failing which they must present a remediation plan to the RBI if non-compliance persists for four consecutive quarters.

Insights:

- This update requires NBFC-MFIs them to align their asset management practices with the new criteria effectively immediately.
- The definition of 'qualifying assets' is now aligned with 'microfinance loans' as defined in paragraph 3 of the 2022 guidelines, necessitating immediate asset reclassification for compliance.
- The revised criteria are effective from June 6, 2025, requiring NBFC-MFIs to implement necessary operational adjustments promptly to adhere to the updated asset composition standards.
- Entities previously relying on broader asset definitions must revise their internal asset management policies and systems to align with the updated qualifying asset criteria.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12856&Mode=0

Jun 06, 2025: Standing Liquidity Facility for Primary Dealers

Tags:

Monetary Policy Statement, Repo Rate Reduction, Liquidity Adjustment Facility, Standing Liquidity Facility, Primary Dealers

Summary:

The Reserve Bank of India (RBI) has decided to reduce the policy repo rate under the Liquidity Adjustment Facility by 50 basis points, lowering it from 6.00% to 5.50% as announced in the bi-monthly Monetary Policy Statement 2025-26.

This change impacts Primary Dealers, as the Standing Liquidity Facility provided to them will now be available at the revised repo rate of 5.50% with immediate effect.

Insights:

- Primary Dealers must adjust their borrowing strategies to align with the revised repo rate of 5.50% for collateralized liquidity support, effective immediately.
- Operational systems of Primary Dealers should be updated to reflect the reduced policy repo rate, ensuring compliance in all future transactions.
- Finance departments should review and recalibrate interest-related forecast models in light of the 50 basis point reduction in the repo rate.
- All financial strategies that hinge on the Liquidity Adjustment Facility must be revised to accommodate the new 5.50% repo rate, taking effect without delay.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12855&Mode=0

Jun 06, 2025: Liquidity Adjustment Facility - Change in rates

Tags:

Repo Rate, Monetary Policy, Rate Cut, Liquidity Adjustment Facility

Summary:

The Reserve Bank of India (RBI) announced a reduction in the repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 6.00% to 5.50%, effective immediately as declared in the Monetary Policy Statement on June 06, 2025.

Furthermore, the Standing Deposit Facility (SDF) rate is adjusted to 5.25% and the Marginal Standing Facility (MSF) rate to 5.75%.

Insights:

- LAF participants must immediately adjust their systems and operations to accommodate the reduction in the policy repo rate to 5.50% as it affects their cost of borrowing.
- Entities utilizing the standing deposit facility (SDF) must now comply with the new rate of 5.25% effective immediately, impacting interest income management.
- Participants relying on the marginal standing facility (MSF) must integrate the revised rate of 5.75% into their financial strategies to align with the updated operational costs.
- There are no amendments or withdrawals of previous guidelines mentioned, ensuring the continuity of existing terms in the LAF Scheme, which participants must continue to adhere to.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12854&Mode=0

Jun 09, 2025: Basel III Capital Regulations - External Credit Assessment Institution (ECAI)

Tags:

Basel III Capital Regulations, External Credit Assessment, Brickwork Ratings India, Risk Weighting, Capital Adequacy

Summary:

The Reserve Bank of India (RBI) has revised its Basel III Capital Regulations to remove restrictions on banks using ratings from Brickwork Ratings India Private Limited (BRIPL) for assessing capital adequacy.

This update affects scheduled commercial banks, excluding local area banks, payments banks, and regional rural banks. Other provisions related to external credit ratings in the existing Master Circular remain unchanged.

Insights:

- Banks can now utilize ratings from Brickwork Ratings India Private Limited without previous restrictions, requiring an update to their risk assessment models.
- Compliance teams should review the paragraph 6.1.2 of the Master Circular dated April 1, 2025, as it continues to govern credit assessment institution use for capital adequacy.
- The circular dated July 10, 2024, is amended to remove limitations on BRIPL ratings; ensure internal compliance documents reflect this change.
- Risk management procedures must be updated to incorporate unrestricted BRIPL ratings, ensuring consistency with the latest RBI regulatory framework.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12863&Mode=0

Jun 09, 2025: Non-achievement of PSL targets – Prudential treatment of contribution towards eligible funds with NABARD, NHB, SIDBI and MUDRA Ltd.

Tags:

PSL Targets, Prudential Exposure Limits, Risk Weight, UCBs Compliance, NABARD Contributions

Summary:

The Reserve Bank of India (RBI) regulation addresses the prudential treatment of contributions by Primary (Urban) Co-operative Banks (UCBs) towards eligible funds with NABARD, NHB, SIDBI, and MUDRA Ltd. due to shortfalls in priority sector lending (PSL) targets.

The revised prudential exposure limits for Urban Co-operative Banks (UCBs) are set at 15% of Tier-I capital for a single borrower/party, and 25% for a group of connected borrowers/parties.

It exempts these contributions from being calculated as part of the aggregate exposure for prudential limits and assigns a 100% risk weight under the category of 'all other assets' for capital adequacy purposes. The directive, applicable immediately, impacts UCBs other than Salary Earners' Banks, aligning their PSL shortfall contributions with compliance and risk management frameworks.

Insights:

- UCBs are now exempt from including contributions to eligible funds with NABARD, NHB, SIDBI, or MUDRA Ltd. when computing their aggregate exposure for prudential limits, requiring a review of internal exposure calculation processes.
- Contributions towards eligible funds due to PSL target shortfalls must be classified under 'all other assets,' attracting a 100% risk weight, necessitating immediate updates to capital adequacy assessments.
- Effective immediately, UCBs should recalibrate their risk management frameworks to incorporate these revised exposure norm exemptions and risk weight allocations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12862&Mode=0

Jun 09, 2025: Large Exposures Framework – Amendment in the list of exempted exposures

Tags:

Large Exposures Framework, Priority Sector Lending, Scheduled Commercial Banks, NABARD and NHB Exemptions

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Summary:

The Reserve Bank of India has amended the Large Exposures Framework (LEF) to include contributions The circular dated June 3, 2019, on the "Large Exposures Framework" (LEF) states that deposits held with NABARD for shortfall in priority sector lending targets are excluded from exposure limits under LEF. This exemption now also applies to contributions made by scheduled commercial banks to NHB, SIDBI, MUDRA Ltd., or any other RBI-specified entities for the same reason. The instruction is effective immediately.

Insights:

- Scheduled Commercial Banks must now include contributions to funds with NHB, SIDBI, MUDRA Ltd., or any RBI-specified entity for priority sector lending shortfalls within the scope of LEF exemptions.
- Banks must review and adjust their exposure tracking systems to factor in the exemption for contributions to additional entities like NHB and SIDBI as specified by RBI.
- Entities should reference the June 03, 2019 LEF circular and incorporate changes specified in the current amendment for comprehensive compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12861&Mode=0

Jun 12, 2025 : Stripping/Reconstitution in State Government Securities

Tags:

State Government Securities (SGS), STRIPS, Investment Eligibility, Stripping/Reconstitution Process

Summary:

The Reserve Bank of India introduces a facility for stripping/reconstitution of State Government Securities (SGS), allowing separate trading of registered interest and principal components. This regulation affects market participants, such as those with SGL accounts and Gilt Account Holders, who must use the e-Kuber system to make requests. All fixed coupon SGS with residual maturities up to 14 years and a minimum outstanding of ₹1,000 crore, eligible for SLR requirements, are included under this new facility effective immediately.

Insights:

- Regulated entities must ensure eligibility of State Government Securities for stripping by verifying a minimum outstanding of ₹1,000 crore and residual maturity of up to 14 years from the stripping date.
- Entities with SGL accounts should prepare for operational changes by initiating stripping/reconstitution requests directly through RBI's e-Kuber system, aligning with guidelines from the circular dated March 25, 2010.
- Gilt Account Holders are required to coordinate with custodians to place stripping/reconstitution requests, ensuring compliance with RBI's guidelines as referred in the notifications dated October 16, 2009 and April 10, 2018.

- Market participants should update their systems to accommodate STRIPS nomenclature for SGS, consistent with the framework outlined in the annexure, especially regarding the assignment of new ISIN codes.
- Entities need to review and align with any amendments mentioned in past circulars to ensure stripping/reconstitution activities in SGS adhere to effective regulatory requirements from the issuance date of this circular.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12867&Mode=0

Jun 12, 2025 : Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025

Tags:

KYC Updation, Business Correspondent Utilization, Low-risk Customers, Customer Intimation

Summary:

The Reserve Bank of India (RBI) issued amendments to the Know Your Customer (KYC) Directions, 2016, aimed at enhancing consumer protection and service. Key updates include provisions for low-risk individual customers allowing KYC updates within a year or by June 30, 2026, using Business Correspondents (BCs) for electronic KYC updates, and a requirement for regulated entities to notify customers about KYC updates three times prior to due dates and three reminders post due date. These changes impact banks and other regulated entities, emphasizing the importance of updating customer KYC records efficiently and timely.

Insights:

- Low-risk individual customers must update their KYC by June 30, 2026 or within one year of due date, with regular account monitoring by Regulated Entities (REs).
- Authorized Business Correspondents can obtain self-declaration for KYC updation from low-risk customers, either electronically or physically, after biometric-based e-KYC authentication.
- Banks must provide at least three advance intimations and reminders for KYC updates, with at least one being a letter, fully implemented by January 01, 2026.
- Banks should ensure their systems and processes are updated to electronically record self-declaration and supporting KYC documents submitted through Business Correspondents.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12866&Mode=0

Jun 12, 2025 : Updation/ Periodic Updation of KYC – Revised Instructions

Tags:

KYC Updation, Customer Onboarding, Video-based Customer Identification, Digital KYC Process

Summary:

The Reserve Bank of India (RBI) has introduced revised instructions for the updation and periodic updation of KYC processes to address the backlog in accounts, including those opened for government benefit schemes like DBT and PMJDY. Major updates include allowing Business Correspondents (BCs) to assist in the KYC updation process, permitting Aadhaar OTP-based e-KYC and Video-based Customer Identification Process (V-CIP) for easy updation, and mandating banks to conduct special camps, especially in rural and semi-urban branches. These changes impact all regulated entities (REs), including banks, and aim to simplify customer onboarding and periodic KYC processes in alignment with the Master Direction - Know Your Customer (KYC) Direction, 2016.

Insights:

- Regulated entities must expedite the process of KYC updation in accounts opened for credit of Direct Benefit Transfer (DBT) and PMJDY, with enhanced emphasis on reducing large pendencies.
- All banks are advised to organize special KYC updation camps, particularly targeting rural and semi-urban branches, focusing on accounts with pending KYC updates.
- Video-based Customer Identification Process (V-CIP) is mandated for KYC updates, treated as equivalent to face-to-face onboarding, enhancing remote identity verification processes.
- Regulated entities must incorporate Customer Due Diligence (CDD) within a year for accounts opened using non-face-to-face modes like Aadhaar OTP-based e-KYC, under strict monitoring.
- Updates from the Central KYC Record Registry (CKYCR) are imperative for maintaining accurate customer records, aligning with the Master Direction on KYC and related amendments.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12865&Mode=0

Jun 12, 2025 : Inoperative Accounts/ Unclaimed Deposits in Banks - Revised Instructions (Amendment) 2025

Tags:

Inoperative Accounts, Unclaimed Deposits, KYC Updation, Business Correspondents, Video-Customer Identification Process

Summary:

The Reserve Bank of India (RBI) has issued amended instructions for handling inoperative accounts and unclaimed deposits in banks, emphasizing the facilitation of KYC updates. Banks are now required to provide the facility for KYC updates at all branches, including non-home branches, and facilitate the process through Video-Customer Identification Process (V-CIP) and business correspondents. This regulation affects all commercial banks, regional rural banks (RRBs), and cooperative banks, streamlining the activation of inoperative accounts and ensuring compliance with updated KYC protocols.

Insights:

- Banks must provide KYC updation facilities at all branches, including non-home branches, to reactivate inoperative accounts as per the revised instructions issued on June 12, 2025.
- Video-Customer Identification Process (V-CIP) should be implemented by banks for KYC updation, following the Master Direction KYC 2016 guidelines updated as necessary.
- Authorised Business Correspondents can facilitate KYC updating in inoperative accounts, as highlighted in paragraph 38(a)(iia) of the Master Direction KYC 2016.
- With immediate effect, paragraph 6.1 of the extant instructions is substituted, mandating banks to adapt to the new KYC activation methods.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12864&Mode=0

Jun 13, 2025 : Import of Shipping Vessel - Relaxation

Tags:

Import of Shipping Vessel, Advance Remittance, Bank Guarantee Relaxation, Authorised Dealer Banks, FEMA 1999

Summary:

The Reserve Bank of India (RBI) has issued a regulation permitting importers to make advance remittance for importing shipping vessels without requiring a bank guarantee or an unconditional, irrevocable standby letter of credit, for amounts up to USD 50 million. This amendment aims to enhance ease of business and responds to sector-specific constraints, impacting Authorised Dealer Category-I banks and their customers dealing with shipping vessel imports. The regulation stipulates adherence to certain conditions specified in the Master Direction on Import of Goods and Services (MD-Imports), thus updating remittance procedures under FEMA, 1999.

Insights:

- Importers can make advance remittance for shipping vessels up to USD 50 million without bank guarantee, requiring updates to compliance procedures.
- Ensure adherence to conditions in para-C.1.3.3 of MD-Imports for advance remittances as the new regulation references this section.
- AD banks must notify relevant constituents of these relaxed import guidelines for shipping vessels as per the circular's directive.

- Attention should be paid to Sections 10(4) and 11(1) of FEMA, 1999 to ensure compliance with broader regulatory expectations.
- Cross-reference the Master Direction - Import of Goods and Services dated January 01, 2016 for any implication changes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12868&Mode=0

Jun 16, 2025 : Review of instructions issued vide Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission

Tags:

Agency Commission Rates, Government Business, Payments , Transaction Processing

Summary:

The Reserve Bank of India (RBI) has revised the rates for agency commission for agency banks, effective from April 1, 2025. Key changes include new rates for receipts in physical and e-mode, pension payments, and other payment transactions. The circular impacts agency banks handling government business, with the exclusion of pre-funded transactions or those with compensations from the government, while other instructions remain unchanged.

Insights:

- Effective April 1, 2025, agency banks must revise transaction processing rates to ₹40 for physical receipts and ₹12 for e-mode receipts per transaction.
- Agency banks should update systems to reflect the revised ₹80 pension payment transaction rate to ensure compliance starting from April 1, 2025.
- Operational teams in agency banks must cease to claim commission on pre-funded transactions or those where government compensation exists, aligning with the updated Master Circular paragraph 8(c).
- Agency banks need to revise their claim processing protocols in alignment with the adjustments noted in paragraph 13 of the Master Circular referenced on April 01, 2025.
- All existing systems and policies must remain in line with unchanged instructions from the previous Master Circular, excluding the explicitly revised paragraphs.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12871&Mode=0

Jun 16, 2025 : Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

Tags:

Credit Facilities, Scheduled Castes (SCs), Scheduled Tribes (STs), Priority Sector Lending, Financial Inclusion

Summary:

The Reserve Bank of India (RBI) has issued a Master Circular consolidating guidelines for credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs), focusing on enhancing their access to credit. Major updates include the mandate for banks to review their lending procedures to prioritize these communities, establish special monitoring cells, organize awareness programs, and coordinate with government schemes like DAY-NRLM and DRI. The circular impacts all scheduled commercial banks, requiring them to ensure compliance with the new requirements and actively promote SC/ST entrepreneurship and self-employment through dedicated initiatives.

Insights:

- Scheduled Commercial Banks must actively engage with District Industries Centres to promote self-employment in SC/ST communities, ensuring specialized schemes are weighted in favor of these groups.
- Banks are required to organize regular meetings with SC/ST beneficiaries to understand their credit needs and must not insist on deposits for loan applications under government-sponsored schemes.
- Credit facilities to SC/STs under Differential Rate of Interest (DRI) Scheme should account for at least 40% of total DRI advances, with eligibility expanded to include concessional housing loans up to ₹20,000.
- Head Offices of banks must establish a special monitoring cell for SC/ST credit flow, with quarterly reviews and field visits to track lending progress through SC/ST Development Corporations.
- SLBC Convenor banks should include representatives from National and State SC/ST Finance and Development Corporations in meetings to strengthen credit support and coordination efforts.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12869&Mode=0

Jun 16, 2025 : Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 01 Entry

Tags:

UNSC Sanctions List, ISIL and Al-Qaida, Compliance with UAPA, Delisting Procedures

Summary:

The Reserve Bank of India (RBI) issued a regulation to inform all regulated entities about an update to the UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List, specifically the removal of an individual, Hajjaj Bin Fahd Al Ajmi, thereby nullifying the sanctions imposed on him. The regulated entities are required to adjust their compliance practices in accordance with Paragraph 51 of the Master Direction on Know Your Customer and the updated UAPA Order, ensuring no accounts are held for individuals/entities linked to terrorism as per the updated UNSC list. This regulation mainly impacts financial institutions and other regulated entities that need to adhere strictly to these guidelines and update their operational procedures regarding sanctioned lists.

Insights:

- Regulated Entities (REs) must ensure no accounts are held by individuals/entities on UNSC's terrorist lists, as per UAPA Section 51A and updated MD on KYC as of June 12, 2025.
- Following the delisting of Hajjaj bin Fahd al Ajmi, REs should adjust internal records and compliance systems to reflect the updated UNSC Sanctions List.
- REs are required to stay updated with the UNSC's changes to ISIL (Da'esh) and Al-Qaida Sanctions List through the MEA's notifications and incorporate them into compliance routines.
- Any delisting requests received must be electronically forwarded to the Joint Secretary (CTCR), Ministry of Home Affairs, as per MHA's directive.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12872&Mode=0

Jun 16, 2025 : Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025

Tags:

Electronic Trading Platforms (ETP), Authorization Criteria, Algo Trading, Risk Management Framework

Summary:

The Reserve Bank of India (RBI) issued the Master Direction on Electronic Trading Platforms (ETP) on June 16, 2025, delineating the regulatory framework for entities operating ETPs, which now requires prior authorization from the RBI. Major updates include specifying eligibility criteria related to financial, technological, and operational factors that ETP operators must fulfill, along with detailed requirements for risk management, data reporting, and transparency. The regulation impacts all entities operating ETPs, excluding those operated by a scheduled commercial bank or standalone primary dealer, which must now comply with these robust regulatory obligations immediately.

Insights:

- Electronic Trading Platforms must obtain RBI authorization and ensure compliance with conditions set out in the Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025 effective immediately.

- Entities must conduct IT/IS audits at least annually, employing auditors with CISA certification or those empaneled by CERT-In, ensuring adherence to RBI-prescribed security standards.
- ETP operators need to report transaction information to trade repositories or reporting platforms as per RBI specifications, ensuring data compliance with the prescribed format and timeframe.
- Entities previously authorized under the 2018 Directions must align operations with the 2025 Directions, as prior authorizations and actions are deemed under the new regulation.
- Operators must maintain trading-related data for a minimum of 10 years and comply with requests for data access or sharing with authorities as per Indian law.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12870&Mode=0

Jun 19, 2025 : Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Addition of 01 Entry

Tags:

UNSC Sanctions List, UAPA Compliance, ISIL and Al-Qaida, Know Your Customer (KYC)

Summary:

The Reserve Bank of India's regulation addresses the implementation of Section 51A of the UAPA, 1967, highlighting updates to the UN Security Council's ISIL and Al-Qaida Sanctions List with the addition of Abubakar Swalleh. Regulated Entities (REs) must ensure no association with the listed individuals or entities, and adhere to the updated KYC Master Direction and UAPA order. This affects all REs, which are advised to strictly comply and forward any de-listing requests electronically to the Ministry of Home Affairs.

Insights:

- Regulated Entities must update their compliance systems to incorporate the new UNSC-sanctioned entry as per the June 19, 2025 RBI directive for Section 51A of the UAPA, 1967.
- Entities are required to ensure no accounts exist for individuals/entities on the updated UNSC's 1267/1989 ISIL & Al-Qaida Sanctions List, ensuring compliance with the MD on KYC guidelines.
- The June 16, 2025 addition to the sanctions list mandates entities to review and update their client databases to freeze assets linked to new entries, as per existing UAPA orders.
- Requests for delisting received by entities must be forwarded to the Joint Secretary (CTCR), MHA electronically, adhering to MHA instructions under the latest guidelines.
- Access and regularly monitor updated lists linked to the UNSC sanctions via the provided UN URLs to ensure ongoing compliance with RBI and UNSC requirements.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12874&Mode=0

Jun 19, 2025 : Reserve Bank of India (Project Finance) Directions, 2025

Tags:

Project Finance, DCCO Deferment, Prudential Norms, Infrastructure Projects, Resolution Plan

Summary:

The Reserve Bank of India (RBI) has issued the Project Finance Directions, 2025, creating a harmonized framework for project finance in infrastructure and non-infrastructure sectors. Key changes include the introduction of prudential norms for resolution of stress, criteria for the upgradation of project finance accounts, and specific provisioning requirements for deferred DCCO projects. This regulation impacts all Commercial Banks (excluding certain types), Non-Banking Financial Companies, Primary Urban Cooperative Banks, and All India Financial Institutions, with the intent to streamline project financing and risk management.

Insights:

- Regulated entities must achieve financial closure and document the original DCCO before disbursement, starting October 1, 2025, aligning their credit policies accordingly.
- All lenders must adapt their systems to ensure original/extended/actual DCCO dates are consistent across all financiers in a project by the effective date.
- Entities must ensure compliance with updated provisioning norms, including the new specific provision rates, abolishing older guidelines as of the effective date.
- Regulated entities must maintain an electronic project finance database with specified parameters and update it within 15 days of any changes by January 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12873&Mode=0

Jun 20, 2025 : Review of Priority Sector Lending norms - Small Finance Banks

Tags:

Priority Sector Lending, Small Finance Banks, Adjusted Net Bank Credit, Credit Equivalent of Off-Balance Sheet Exposures

Summary:

The Reserve Bank of India's regulation addresses the priority sector lending requirements for Small Finance Banks (SFBs), stemming from the 'Guidelines for Licensing of Small Finance Banks in Private Sector'. The core update reduces the additional component of priority sector lending from 35% to 20%, adjusting the overall target to 60% of ANBC or Credit Equivalent of Off-Balance Sheet Exposures, whichever is higher, effective from financial year 2025-26. This change impacts SFBs, requiring them to strategically allocate their resources while maintaining the mandatory 40% allocation to various sub-sectors under priority sector lending.

Insights:

- Small Finance Banks must adjust their PSL strategy to allocate 60% of ANBC or CEOBE to PSL, down from the previous 75% requirement starting FY 2025-26.
- Banks are now required to earmark 20% of ANBC or CEOBE for sub-sectors of competitive advantage under PSL, a reduction from the previous 35%.
- The 40% allocation of ANBC to defined sub-sectors under PSL remains unchanged, necessitating continued adherence to extant PSL prescriptions.
- Effective implementation requires SFBs to reassess their operational and strategic focus, particularly within the newly adjusted PSL allocation limits.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12875&Mode=0

Jun 25, 2025 : The Depositor Education and Awareness (DEA) Fund Scheme, 2014 – Revised Operational Guidelines

Tags:

DEA Fund Scheme, Unclaimed Deposits, Banking Regulation Act, e-Kuber System

Summary:

The Reserve Bank of India has issued revised operational guidelines for the Depositor Education and Awareness (DEA) Fund Scheme, 2014, with the core purpose of consolidating and rationalizing existing instructions for banks concerning the transfer and claiming of unclaimed funds. Major updates include mandatory registration under the DEA Fund module on the e-Kuber system, structured processes for authorized signatories, and defined timelines for submitting transfers and claims. These changes primarily impact commercial banks, cooperative banks, and relevant banking entities under the DEA Fund Scheme, requiring them to adhere to new procedural norms starting October 01, 2025.

Insights:

- Banks must register under the DEA Fund module on e-Kuber and complete the process by October 01, 2025 to remit unclaimed amounts electronically.
- Ensure identification and authorization of up to ten signatories for DEA Fund operations, with updates communicated in the prescribed format to RBI.
- Transfer unclaimed amounts/deposits to the Fund only during the last five working days of each month, and submit monthly Form I online by the 15th of the succeeding month.
- Submission of DEA Fund claim window is limited to the first 10 working days each month; sponsor banks must manage non-member bank claims accordingly.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12876&Mode=0

Jun 27, 2025 : Aadhaar Enabled Payment System – Due Diligence of AePS Touchpoint Operators

Tags:

Aadhaar Enabled Payment System (AePS), Touchpoint Operators Due Diligence, Fraud Risk Management, Biometric Authentication, Acquiring bank

Summary:

The Reserve Bank of India (RBI) has issued new regulations aimed at enhancing the security and integrity of the Aadhaar Enabled Payment System (AePS) by improving the due diligence process for AePS touchpoint operators. These regulations, effective January 1, 2026, require acquiring banks to conduct thorough due diligence and periodic KYC updates for operators and implement a robust fraud risk management framework to monitor transaction activities. The regulations affect all scheduled commercial banks, regional rural banks, cooperative banks, and the National Payments Corporation of India by imposing stricter onboarding and monitoring processes to prevent identity theft and fraud within AePS transactions.

Insights:

- Acquiring banks must conduct a thorough due diligence of all AePS Touchpoint Operators (ATOs) before onboarding, as per the updated KYC guidelines referenced in the Master Direction – Know Your Customer Direction, 2016.
- Acquiring banks are required to perform periodic KYC updates for ATOs, particularly for those inactive for over three months, to ensure compliance by January 01, 2026.
- Operational parameters for monitoring ATOs must be reviewed regularly in response to new fraud trends, incorporating transaction volume, location, and type as key risk factors.
- The integration of technology, such as APIs, for enabling AePS operations must be rigorously controlled to prevent unauthorized uses, per the new system-level control requirements.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12877&Mode=0