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Regulatory Updates

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Feb 03, 2026 : All Agency Banks to remain open for public on March 31, 2026 (Tuesday)

Tags:

Public Holiday Operations, Banking Services Availability, Financial Year Closing

Summary:

The Reserve Bank of India's regulation mandates that all agency banks dealing with government receipts and payments remain open for public transactions on March 31, 2026, despite it being a public holiday. This measure ensures that all government-related financial transactions are accounted for within the 2025-26 fiscal year. The regulation directly impacts agency banks and requires them to adequately publicize the availability of their services on this specific day.

Insights:

- All Agency Banks must ensure their branches handling government business are open on March 31, 2026, to process all transactions for FY 2025-26.
- Banks are required to provide ample publicity to confirm the availability of government-related banking services on the public holiday, March 31, 2026.
- Ensure operational readiness and staffing are in place for the additional working day on March 31, 2026, despite it being a public holiday.
- Review and communicate internally with staff about working schedules and duties for the specified government transaction day to avoid service disruptions.
- No cross-referenced guidelines or previous circulars are withdrawn or amended in relation to this directive, focusing solely on the operational mandate for the specified date.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13288&Mode=0>

Feb 06, 2026 : Voluntary Retention Route – Imparting predictability and increasing ease of doing business

Tags:

Voluntary Retention Route, FPI Investments, Foreign Exchange Management

Summary:

The Reserve Bank of India (RBI) introduces amendments to the Voluntary Retention Route (VRR) for Foreign Portfolio Investor (FPI) investments in debt instruments, aimed at enhancing predictability and ease of business. Key changes include subsuming VRR investment limits under the General Route and permitting FPIs to exit after satisfying the minimum retention period. These changes, effective April 01, 2026, affect Authorised Dealer Category-I banks who must notify concerned constituents and customers.

Insights:

- From April 01, 2026, AD Category-I banks must transition all existing VRR investments to the respective General Route limits, ensuring realignment with the new regulation.
- FPIs with retention periods beyond the minimum must assess portfolios for potential liquidation post-minimum retention period, accommodating the new exit flexibility.
- Investment limits through VRR subsume into General Route limits; banks must revise their investment limit monitoring systems to integrate these changes.
- AD banks should update institutional clients about the integration of VRR into General Route, ensuring compliance with the amended Master Direction.
- Previous guidelines under A.P. (DIR Series) Circular No. 21 dated March 01, 2019, are revised; stakeholders must align with the updated investment limit structure effective April 2026.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13289&Mode=0>

Feb 09, 2026 : Lending to Micro, Small & Medium Enterprises (MSME) Sector (Amendment) Directions, 2026

Tags:

MSME Collateral-Free Loans, Prime Minister Employment Generation Programme

Summary:

The Reserve Bank of India has issued amendments to the regulations governing lending to the Micro, Small & Medium Enterprises (MSME) sector, specifically modifying collateral requirements. The updated regulation mandates that banks should not accept collateral for loans up to ₹20 lakh for MSE sector units and may extend this collateral-free threshold to ₹25 lakh based on the units' financial standing, while allowing the acceptability of gold and silver voluntarily pledged as collateral up to these limits. These changes impact lending practices of banks to MSMEs, effective for loans sanctioned or renewed from April 01, 2026.

Insights:

- Banks must not accept collateral security for loans up to ₹20 lakh for MSEs and PMEGP units starting April 01, 2026.
- Financial institutions are permitted to extend collateral-free loans up to ₹25 lakh to MSEs, contingent upon a robust track record assessed by internal policies.
- The Reserve Bank of India's previous guideline in Paragraph 6.5 has been rescinded, impacting related compliance measures.
- Banks can accept voluntarily pledged gold and silver for loans up to the collateral-free limit without contravening the mandate effective from April 01, 2026.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13290&Mode=0>

Feb 11, 2026 : Strengthening of Grievance Redress Mechanism in Banks – Review

Tags:

Grievance Redress Mechanism, Consumer Compensation, Internal Ombudsman

Summary:

The Reserve Bank of India has reviewed and withdrawn its earlier circular dated January 27, 2021, aimed at strengthening banks' grievance redress mechanisms, in favor of new regulations under the Master Direction on Financial Statements and the Reserve Bank-Integrated Ombudsman Scheme, 2026. This update empowers Internal Ombudsmen to recommend compensation and requires banks to maintain robust grievance redress mechanisms as per current regulations and board-approved policies. This change impacts all Scheduled Commercial Banks, excluding Regional Rural Banks, by streamlining and strengthening their internal and external grievance resolution processes.

Insights:

- Banks must align their grievance redress mechanisms with the updated Reserve Bank–Integrated Ombudsman Scheme, 2026, and strengthen internal systems for continuous improvement.
- The withdrawal of RBI's circular dated January 27, 2021 mandates banks to adjust their compliance structures to meet the enhanced requirements under the November 28, 2025 Master Direction on Financial Statements.
- Operational changes are needed to empower Internal Ombudsmen to recommend compensation, as per the new Reserve Bank of India (Internal Ombudsman) Directions, 2026.
- Banks are required to integrate supervisory assessments and follow-ups into their grievance redress frameworks under the revised regulatory supervision processes.
- The decision to revoke the earlier circular on grievance mechanisms requires board-approved policy updates, ensuring alignment with the latest regulatory instructions.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13291&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026

Tags:

Rural Co-operative Banks, Income Recognition, Asset Classification

Summary:

The Reserve Bank of India (RBI) has amended the Income Recognition, Asset Classification and Provisioning regulations specifically for Rural Co-operative Banks, aiming to standardize the recognition of overdue income for Standard advances on an accrual basis without requiring matching provisions. The amended regulations, effective immediately, eliminate certain paragraphs, introduce accrual-based income recognition for Standard credit facilities, and enforce actual receipt-based income recognition for non-standard facilities. This amendment directly impacts Rural Co-operative Banks, ensuring their income recognition policies align with those of other regulated entities.

Insights:

- Rural Co-operative Banks must adopt the accrual basis for income recognition on Standard advances immediately, disregarding the need for matching provisions.
- Income on non-Standard advances, including those guaranteed by the government, needs to be recognized only upon actual receipt or cash basis.
- Eliminate existing practices aligned with Paragraph 52 and Paragraphs 53-56 as they are now deleted, ensuring alignment with updated guidelines.
- Implement procedures to reverse income entries for credit facilities categorized as NPA, as outlined in Paragraph 58A, reversing past accrued and credited interests or fees that aren't realized.
- Ensure all income recognition practices reflect these guidelines in compliance with the amended sections of the Banking Regulation Act, 1949, effective immediately.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13292&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026

Tags:

Default Loss Guarantee, Non-Banking Financial Companies, Expected Credit Loss

Summary:

The Reserve Bank of India (RBI) has issued amendments to the Income Recognition, Asset Classification, and Provisioning Directions for Non-Banking Financial Companies (NBFCs), focusing on Default Loss Guarantee (DLG) arrangements. These amendments, effective immediately, allow NBFCs to consider DLG for determining provisions under the Expected Credit Loss framework, subject to Indian Accounting Standards. The regulation impacts NBFCs involved in digital lending and co-lending arrangements, requiring them to adjust ECL provisioning upon invocation of DLG, ensuring compliance with disclosure requirements as per IndAS 1.

Insights:

- NBFCs must integrate Default Loss Guarantee (DLG) arrangements into contractual loan terms per IndAS requirements post-February 13, 2026.
- Ensure recomputation of Expected Credit Loss (ECL) provisions after every invocation of DLG, as per the new para 36C guidelines.
- Regulated entities must adhere to the updated disclosure requirements outlined in IndAS 1, effective immediately.
- Amendment to provisioning guidelines in alignment with previous Directions dated November 28, 2025, mandates DLG consideration.
- Review recent amendments under 'Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities)' dated February 13, 2026 for compliance.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13294&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Amendment Directions, 2026

Tags:

Asset Classification, Provisioning Requirements, Credit Facilities

Summary:

The Reserve Bank of India has issued the Amendment Directions, 2026, affecting Non-Banking Financial Companies (NBFCs) concerning credit facility regulations. These amendments specifically update the asset classification and provisioning requirements for individual loan assets, aligning them with the RBI's 2025 Directions on income recognition and asset classification. The changes impact NBFCs, requiring immediate compliance with the revised provisioning standards.

Insights:

- Regulated entities must align their asset classification of individual loan assets with the Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, to ensure compliance.
- Immediate implementation of the amended Para 25 (1) is required, necessitating a review and adjustment of current asset classification protocols by NBFCs in line with the new amendment.
- Stakeholders should evaluate provisioning requirements as outlined in the amended Directions to ensure these align with the updated Reserve Bank guidelines.
- Entities must cease using superseded guidelines and transition to the new framework as specified in the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Amendment Directions, 2026.
- Prompt re-evaluation of compliance systems is needed by NBFCs to accommodate changes from the Reserve Bank of India Act, 1934, ensuring adherence to Chapter III B and other enabling laws.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13293&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026

Tags:

Capital Market Exposure, Financial Statements Disclosure, Credit Facilities Amendment

Summary:

The Reserve Bank of India (RBI) announces the Second Amendment Directions, 2026, aimed at updating the presentation and disclosure norms for financial statements of Small Finance Banks. Key modifications include the deletion and insertion of specific sub-paragraphs under 'Exposures' to incorporate detailed disclosure requirements related to capital market exposures. These amendments impact Small Finance Banks, mandating them to comply with revised exposure reporting in financial statements from either the implementation date of the Credit Facilities Amendment Directions or by April 1, 2026, whichever is earlier.

Insights:

- Small Finance Banks need to update their financial statement presentations to exclude sub-paragraph 10(5)(ii) under 'Exposures' by or before April 1, 2026.
- New reporting requirements mean that Small Finance Banks must disclose detailed capital market exposures using the newly added sub-paragraph 10(5)(iia).
- Compliance with the Reserve Bank of India (Small Finance Banks - Concentration Risk Management) Directions, 2025 is essential to accurately compute capital market exposures.
- Banks need to review and potentially adjust their systems for capturing and reporting data related to various capital market engagements such as REITs, InvTs, and AIFs as specified in the new sub-paragraph.
- The implementation of the Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026 will dictate the adjustment timeline, with a firm deadline set for April 1, 2026, for full compliance.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13303&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Tags:

Capital Adequacy, Risk Weighted Assets, Credit Facilities

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025, introducing modifications to paragraph 74(6) concerning risk-weighted assets. The key update involves treating irrevocable payment commitments by banks to clearing corporations of stock exchanges as financial guarantees with a 100% credit conversion factor, but requiring capital maintenance solely for capital market exposure, with a risk weight of 125%. This regulation impacts small finance banks by altering their capital adequacy requirements regarding capital market exposures, effective April 1, 2026 or earlier at the discretion of the entities.

Insights:

- Small Finance Banks must adjust their capital adequacy frameworks to accommodate a 125% risk weight on capital market exposures under the new amendment.
- Capital accordance against irrevocable payment commitments to stock exchange clearing corporations is now a 100% financial guarantee but must align with CME exposure limits.
- To comply, implement the new Capital Adequacy norms by April 1, 2026, or when the institution opts for the amendments, whichever is earlier.
- Align the changes with the Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026, as referenced in the new guidelines.
- Risk management frameworks must integrate the adjustments from paragraph 74(6), aligning with the Reserve Bank of India (Small Finance Banks - Concentration Risk Management) Directions, 2025.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13302&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Small Finance Banks - Concentration Risk Management) Amendment Directions, 2026

Tags:

Concentration Risk Management, Capital Market Exposures, Prudential Limits

Summary:

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks - Concentration Risk Management) Amendment Directions, 2026, which introduces modifications to these banks' credit facilities and risk management practices. Key updates include new prudential limits for capital market exposures, definitions and inclusions in the category of Capital Market Exposures, and exemptions related to the CME ceilings for particular financial entities. The regulation impacts Small Finance Banks by mandating adherence to these new norms from April 1, 2026, or earlier if the bank chooses, ensuring improved risk management and transparency in their operations.

Insights:

- Small Finance Banks must incorporate the amended CME ceilings not exceeding 40% of Tier 1 capital from April 1, 2026, mandating strict compliance with revised exposure limits.
- SFBs' direct investment exposure is capped at 20% of the eligible capital, requiring adjustment of investment strategies to comply with the new CME framework.
- Banks must update their systems to recognize investment exposures outlined in the Reserve Bank of India (Small Finance Banks - Credit Facilities) Directions, 2025 to accurately compute CME.
- Eliminate reliance on previously deleted Paragraph 28 and 34 from existing policies to avoid discrepancies in current credit exposure calculations.
- Review and modify trade exposure mechanisms to meet new paragraph 40A computation requirements, ensuring alignment with revised CME offsetting provisions.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13301&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026

Tags:

Loans Against Securities, Capital Market Intermediaries, Collateral Security

Summary:

The Reserve Bank of India (RBI) has issued amendments to the Reserve Bank of India (Small Finance Banks – Credit Facilities) Directions, 2025, primarily concerning credit facilities that these banks can offer. Key updates include a redefinition of collateral terms, establishment of Loan to Value (LTV) ceilings, and introduction of new guidelines for lending against various securities and to Capital Market Intermediaries (CMIs). These amendments impact Small Finance Banks (SFBs), ensuring they adhere to revised lending practices and risk management standards, emphasizing monitoring end-use of funds and adhering to updated prudential norms.

Insights:

- Effective from April 1, 2026, banks must ensure loans against securities are fully compliant with updated Loan-to-Value (LTV) requirements as per Chapter XI amendments.
- Small Finance Banks must integrate systems to exclude loans against Commercial Papers and Non-Convertible Debentures of original or initial maturity up to one year, as outlined in the updated credit facility rules.
- Banks providing credit to Capital Market Intermediaries must establish a minimum 50% cash collateral for guarantees as per Chapter XI A of the new regulations.
- Any standing loans or guarantees provided before April 1, 2026 must align with these amended Directions upon renewal, mandating internal policy revisions.
- Regulated entities must review collateral eligibility per new definitions in Chapter I, as previous guidelines from 2025 have been amended or superseded by these revisions.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13300&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) – Amendment Directions, 2026

Tags:

Commercial Banks, Financial Services, Acquisition Finance, Lending Regulations

Summary:

The Reserve Bank of India has issued an amendment to the 2025 Directions concerning Commercial Banks undertaking Financial Services, introducing changes following the 2026 Credit Facilities Amendment Directions. Key updates include the substitution of sub-paragraphs in Chapter-III regarding acquisition and bridge finance for promoter's stakes in new companies and lending against eligible securities. These changes affect commercial banks, with the amendment coming into effect when a bank decides to implement the new provisions or by April 1, 2026, whichever is earlier.

Insights:

- Banks must revise operational strategies to accommodate acquisition and bridge finance for promoter's stake as per the modified paragraph 18 (4) from the RBI's Amendment Directions, 2026.
- With the implementation deadline of April 1, 2026, banks should prioritize restructuring products and services aligned with the updated lending terms against eligible securities.
- Review and update compliance frameworks in light of the specific changes made to paragraph 18 (4) in the previous Directions of 2025 per the latest amendment.
- Engage with legal and regulatory teams to ensure the revised guidelines for financing promoters and lending against securities are well understood and integrated before the compliance deadline.
- Conduct internal audits to identify any gaps in current practices against the updated Amendment Directions for timely compliance and risk mitigation.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13299&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026

Tags:

Capital Market Exposure, Financial Statement Disclosures, Credit Facilities Reporting

Summary:

The Reserve Bank of India's regulation titled 'Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026' provides modifications to the guidelines for disclosing financial exposures to the capital markets in banks' financial statements. It notably introduces new sub-categories under 'Exposures' such as direct investments, advances for share investments, and bridge finance among others, impacting commercial banks that must incorporate these disclosures as per the amended directions. These changes are effective either from the implementation date of the related credit facilities amendment or April 1, 2026, whichever comes first.

Insights:

- Banks must update financial statements to exclude sub-paragraph 10(5)(ii) and include the new sub-paragraph 10(5)(ia), ensuring disclosure of specific capital market exposures by April 1, 2026.
- Regulated entities must calculate total capital market exposure as per the RBI's 2025 guidelines on Concentration Risk Management and Credit Facilities to ensure compliance with amended directives.
- Banks need to report various types of advances, such as acquisition finance and bridge finance for upfront contributions, in the newly specified disclosures, aligning with the revised reporting requirements.
- With the insertion of new sub-paragraphs, custodian banks must ensure proper issuance management of Irrevocable Payment Commitments on behalf of clients towards clearing corporations of stock exchanges.
- The amended provisions are effective as soon as banks opt into the 2026 Credit Facilities Directions or mandatorily from April 1, 2026.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13298&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Commercial Banks – Credit Facilities) Amendment Directions, 2026

Tags:

Acquisition Finance, Collateral Security, Capital Market Intermediaries (CMIs)

Summary:

The Reserve Bank of India's 'Commercial Banks – Credit Facilities Amendment Directions, 2026' revises existing credit facility regulations, introducing new definitions and frameworks for acquisition finance, bridge finance, and loans against eligible securities. Key changes include clear criteria and conditions for acquisition finance, mandatory board-approved policies, new restrictions on related party transactions, and structured guidelines on security collateral and valuation. These amendments impact commercial banks and capital market intermediaries, aiming to enhance regulatory compliance and risk management in credit facilities extended by banks.

Insights:

- Banks must implement a board-approved policy for Acquisition Finance, focusing on underwriting benchmarks, exposure limits, and equity contribution requirements by April 1, 2026.
- Loans against eligible securities such as mutual funds and REITs must adhere to specified LTV ceilings and prudential limits, requiring immediate rectification of breaches within seven working days.
- Chapter IX, 'Infrastructure Financing', Paragraph 137 is deleted, and lending to InvITs must comply with the relevant conditions in Chapter XI.
- The new Chapter 'XIII A' stipulates that lending to CMIs should meet registration, regulation compliance, and comprehensive security requirements, limiting non-cash collateral to guarantees from reputable entities.
- Banks need to transition to the updated regulation framework by April 1, 2026, with existing loans and guarantees being honored until maturity but any renewals must align with the new guidelines.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13297&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Commercial Banks - Concentration Risk Management) Amendment Directions, 2026

Tags:

Concentration Risk Management, Capital Market Exposures, Prudential Ceilings

Summary:

The Reserve Bank of India's recent amendment to the Concentration Risk Management Directions, 2026, focuses on redefining exposure norms for commercial banks. Major updates include the introduction of a 40% ceiling cap on banks' aggregate Capital Market Exposures (CME) and specific limits on direct CME to 20% of the eligible capital base. These changes affect commercial banks in India and aim to enhance prudential management and mitigate risks associated with capital markets. The amendments also provide new definitions and exclusions for clarity on exposures that need to be included in CME calculations.

Insights:

- Banks must re-evaluate their credit exposure to capital markets, ensuring aggregate CME does not exceed 40% of their eligible capital base by April 1, 2026.
- With the amendment, banks must adjust their intra-day capital market exposure policies to adhere to new prudential limits as stipulated in section 3(2).
- The previous ceilings under paragraphs 97 and 98 have been replaced by paragraph 98A; banks should promptly revise internal limits to maintain compliance.
- Investment exposures in entities forming critical financial infrastructure listed in Annex II are exempted from CME; banks should align their investment strategies accordingly.
- Banks must update their systems to track direct and indirect CME, including equity derivative exposures as calculated per the 2025 Prudential Norms on Capital Adequacy.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13296&Mode=0>

Feb 13, 2026 : Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Tags:

Capital Adequacy, Prudential Norms, Risk Weighted Assets, Credit Facilities

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Directions, 2025, focusing on credit facilities for commercial banks. The amendment modifies paragraph 84(6) related to risk-weighted assets, specifying that banks issuing irrevocable payment commitments to clearing corporations of stock exchanges on behalf of clients must maintain capital for capital market exposure with a risk weight of 125%. The changes impact commercial banks and will be effective either upon the bank's decision to implement the RBI's credit facilities amendment directions of 2026 or from April 1, 2026, whichever is earlier.

Insights:

- Banks must implement the amended capital adequacy norms from April 1, 2026, or earlier if opting to follow the 2026 Credit Facilities Amendment Directions.
- Banks issuing irrevocable payment commitments to stock exchange clearing corporations must recognize these as financial guarantees with a 100% Credit Conversion Factor under CME exposure.
- Capital must be maintained solely on exposures identified as capital market exposures in accordance with the 2025 Concentration Risk Management Directions.
- Risk weights for capital market exposure in irrevocable payment commitments have been increased to 125%, necessitating adjustments in capital allocation strategies.
- Ensure alignment with the revised guidelines, replacing implications from the prior 2025 Capital Adequacy Directions to ensure compliance and regulatory continuity.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13295&Mode=0>

Feb 16, 2026 : Formation of new district in the State of Haryana – Assignment of Lead Bank Responsibility

Tags:

New District Formation, Lead Bank Assignment, Punjab National Bank

Summary:

The Reserve Bank of India (RBI) has issued a notification regarding the formation of a new district, Hansi, in Haryana, assigning Punjab National Bank as the Lead Bank for this district. This development, communicated through Gazette Notification No. 682-ARIC-03-2025/7392, impacts Punjab National Bank as they assume new responsibilities for Hansi with the district working code 02V. The Lead Bank responsibilities for other districts in Haryana remain unchanged.

Insights:

- Punjab National Bank (PNB) must immediately establish operational structures in Hansi district to fulfill the Lead Bank responsibilities as mandated.
- Ensure that the newly assigned District Working Code '02V' is integrated into all relevant systems and documentation by PNB for Hansi district.
- Compliance teams of PNB should verify there are no disruptions to services in existing Haryana districts, as the change is limited to the new Hansi district.
- All branch managers within PNB in Haryana must be briefed on responsibilities specific to the new Lead Bank role in Hansi to ensure seamless operations.
- Cross-reference current lead bank responsibilities in Haryana to avoid overlaps or redundancies in compliance and operational processes.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13304&Mode=0>

Feb 16, 2026 : Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026

Tags:

External Commercial Borrowings, Foreign Exchange Management

Summary:

The Reserve Bank of India (RBI) has amended the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, primarily concerning external commercial borrowings (ECB). Major changes include the introduction of restrictions on the end-use of funds, adjustment of borrowing limits, and new reporting requirements for eligible borrowers. These amendments affect all entities within India incorporated under central or state acts that are permitted to engage in ECB under applicable regulations, aiming to align borrowing practices with prevailing market conditions and regulatory compliance.

Insights:

- Eligible borrowers must ensure compliance with the updated ECB end-use restrictions prohibiting utilization of funds for real estate and certain agricultural activities as specified.
- Entities with ongoing investigations under the Act can still raise ECB but must disclose investigation details in Form ECB 1 to ensure regulatory transparency.
- Borrowers must adhere to the revised reporting timelines by submitting 'Revised Form ECB 1' within seven days of parameter changes, in accordance with updated RBI guidelines.
- Regulated entities must note the replacement of sub-regulation 6(B)(vi) which now allows individuals to borrow in INR from NRI or OCI cardholders on a non-repatriation basis.
- Changes to ECB conditions require lender consent and compliance with Schedule I, with AD Category I banks being responsible for submitting due certifications to the RBI.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13306&Mode=0>

Feb 16, 2026 : Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026

Tags:

ECB Framework, Foreign Exchange Management, Borrowing and Lending Regulations

Summary:

The Reserve Bank of India has issued amendments to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, updating the External Commercial Borrowing (ECB) Framework as published in the official gazette on February 16, 2026. Key changes include the deletion of specific paragraphs from the Master Direction related to External Commercial Borrowings and borrowing in Indian Rupees by residents, as well as deletion of certain FAQs. These updates affect Authorised Dealer Category I banks, which must adjust their practices in facilitating borrowing and lending transactions in compliance with the new regulations.

Insights:

- AD Category I banks must immediately align their operations with the amended ECB Regulations, 2026, to ensure compliance in borrowing and lending transactions.
- Sections 1 to 12 of the Master Direction on External Commercial Borrowings will no longer apply, demanding a review and update of internal policy documents.
- Provisions in Paragraph 2 concerning Rupee borrowing linked to Non-Resident Indians/Persons of Indian Origin are now obsolete and must be excluded from financial advisories.
- Banks should proactively inform their clients about the amended ECB Framework released on February 16, 2026, to prevent non-compliance.
- FAQs regarding ECBs and Trade Credits have been revised, requiring stakeholders to re-familiarize themselves with the updated guidelines.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13305&Mode=0>

Feb 18, 2026 : Reporting under Foreign Exchange Management Act, 1999 **– Returns pertaining to External Commercial Borrowing (ECB)**

Tags:

External Commercial Borrowing (ECB), Foreign Exchange Management Act

Summary:

The Reserve Bank of India (RBI) issued a circular modifying the reporting framework for External Commercial Borrowings (ECB) under the Foreign Exchange Management Act, 1999, following the issuance of the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026. The circular revises Part V - Annex I and Part V - Annex II of the Master Direction with new formats for ECB returns, aimed at Authorized Persons who are required to inform their customers of these updates. The regulation, effective immediately, mandates that entities comply with the revised ECB framework while ensuring all necessary permissions under other laws are obtained.

Insights:

- Authorised Persons must update their reporting formats for ECB returns immediately to the new formats specified in Annex I (Form ECB 1) and Annex II (Form ECB 2) of this circular.
- Ensure compliance with the revised ECB Framework as per Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026, which necessitates changes in reporting forms.
- Authorised Persons should inform their customers or constituents about the updated ECB reporting requirements to ensure their adherence to the new guidelines.
- The revised ECB forms and associated reporting directives come into immediate effect and must be integrated into the reporting processes without delay.
- The directions under this circular must be executed while ensuring that any other required permissions or approvals under different laws are obtained, as mandated by sections 10(4), 11(1), and 11(2) of the Foreign Exchange Management Act, 1999.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13308&Mode=0>

Feb 18, 2026 : Unique Transaction Identifier for OTC Derivative Transactions

Tags:

Unique Transaction Identifier, OTC Derivative Transactions, CCIL-TR Reporting

Summary:

The Reserve Bank of India's regulation mandates the implementation of a Unique Transaction Identifier (UTI) for all over-the-counter (OTC) derivative transactions, effective January 1, 2027. This update requires eligible market participants to generate or report UTIs in compliance with specified technical guidance, affecting transactions in Rupee interest rate derivatives, forward contracts, and credit derivatives amongst others. The regulation entrusts specific entities like CCPs, ETPs, and CCIL-TR with the responsibility of UTI generation, aiming to enhance comprehensive market reporting and oversight.

Insights:

- All OTC derivative transactions entered into on or after January 01, 2027, must use a Unique Transaction Identifier (UTI) in compliance with the new RBI guidelines.
- Market participants are required to ensure that the Legal Entity Identifier (LEI) is integrated in the UTI, as specified by the UTI Technical Guidance by CPMI-IOSCO.
- Transactions reportable in multiple jurisdictions need an undertaking to generate UTI as per the timeline precedent set by the foreign jurisdiction with sooner reporting deadlines.
- The Committee on Payments and Market Infrastructures (ISOCO) requirements mandate entities to generate UTI with a maximum of 52 characters, inclusive of assigned LEI.
- Entities must establish operational protocols to generate and report UTIs as per CCIL format and ensure adherence to interim deadlines for multi-jurisdictional transactions.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13307&Mode=0>

Feb 26, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous) Amendment Directions, 2026

Tags:

NUCFDC, UCB Membership, Non-Banking Financial Companies

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous) Directions, 2025, aimed at facilitating the National Urban Co-operative Finance and Development Corporation Limited (NUCFDC) in offering private placements to more than 200 persons per financial year. This regulation mandates the NUCFDC to have a board-approved resource planning policy, restricts offers to Urban Co-operative Banks (UCBs) and the NCDC, and prohibits financial accommodations against its own shares, with compliance and reporting requirements set until March 31, 2029. The rule primarily impacts NUCFDC, UCBs, and related financial entities.

Insights:

- NUCFDC must establish a Board approved policy for resource planning that outlines the private placement periodicity and planning horizon as per RBI directives.
- Offer documents for equity shares must include a compliance clause for UCBs, ensuring adherence to statutory and RBI directives before subscribing.
- NUCFDC is prohibited from using its own shares as collateral for loans or financial accommodations, ensuring regulatory financial integrity.
- A quarterly compliance report detailing equity raised and subscriber categories must be submitted to the RBI within 15 days post-quarter-end.
- The provisions in paragraph 13A are valid until March 31, 2029, unless communicated otherwise by the RBI, necessitating periodic review for regulatory adherence.

Further details can be found on:

<https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13309&Mode=0>