**CERTIFICATE COURSE ON RISKS IN FINANCIAL SERVIICES**

**RBI Notifications during the period 1st July 2019 to 31st December 2019**

**RBI/2019-20/12 DBR.BP.BC.No.2/21.04.098/2019-20 July 5, 2019**

All Scheduled Commercial Banks (Excluding RRBs) & Small Finance Banks (SFBs)

**Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR),
FALLCR against credit disbursed to NBFCs and HFCs**

Please refer to our [DBR.BP.BC.No.34/21.04.098/2018-19 dated April 4, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11529&Mode=0) wherein banks have been permitted to reckon, in a phased manner, an additional 2 per cent of government securities held by them under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) within the mandatory SLR requirement, as Level 1 HQLA for the purpose of computing Liquidity Coverage Ratio (LCR).

2. As per the roadmap, FALLCR is scheduled to increase by 0.50 per cent of NDTL on August 1 and December 1, 2019, respectively. It has been decided that, with immediate effect, banks will be permitted to reckon this increase in FALLCR of 1.0 per cent of the bank’s NDTL as Level 1 HQLA for computing LCR, to the extent of incremental outstanding credit to NBFCs and Housing Finance Companies (HFCs) over and above the amount of credit to NBFCs/HFCs outstanding on their books as on date. The frontloading of FALLCR of one per cent, exclusively meant for incremental exposure to NBFCs/HFCs, will form part of general FALLCR as and when the increase in FALLCR takes place as per original schedule on August 1 and December 1, 2019.

3. All other instructions as per our circular ibid remain unchanged.

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**RBI/2019-20/60 DBR.No.BP.BC.18/21.01.003/2019-20 September 12, 2019**

All Scheduled Commercial Banks (Excluding Regional Rural Banks)

**Large Exposures Framework**

Please refer to paragraph 7 (a) of the [Statement on Developmental and Regulatory Policies dated August 7, 2019](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47819) on ‘Harmonisation of single counterparty exposure limit for banks’ exposures to a single NBFC with general single counterparty exposure limit’ ([extract enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11685&Mode=0#AN1)).

2. In terms of circular [DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11573&Mode=0) on “Large Exposures Framework (LEF)”, banks’ exposures to a single NBFC is restricted to 15 percent of their available eligible capital base, while general single counterparty exposure limit is 20 percent, which can be extended to 25 percent by banks’ Boards under exceptional circumstances.

3. It has been decided that a bank’s exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank’s eligible capital base. Bank finance to NBFCs predominantly engaged in lending against gold will continue to be governed by limits prescribed in circular [DBOD.BP.BC.No.106/21.04.172/2011-12 dated May 18, 2012](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=7222&Mode=0).

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RBI/2019-20/59 DBR.No.BP.BC.17/21.06.001/2019-20 September 12, 2019

All Scheduled Commercial Banks/ All Local Area Banks/ All Small Finance Banks /All Regional Rural Banks

**Risk Weight for Consumer Credit except credit card receivables**

Please refer to paragraph 6 of the [Statement on Developmental and Regulatory Policies dated August 7, 2019](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47819) on ‘Reduction in risk weight for consumer credit except credit card receivables’ ([extract enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11684&Mode=0#AN1)).

2. As per extant instructions, consumer credit, including personal loans and credit card receivables but excluding educational loans, attracts a higher risk weight of 125 per cent or higher, if warranted by the external rating of the counterparty.

3. On a review, it has been decided to reduce the risk weight for consumer credit, including personal loans, but excluding credit card receivables, to 100%. Other stipulations remain the same.

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