



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

DRAFT FOR COMMENTS

RBI/2025-26/

DO.RSTRREC. /13.07.010/2025-26

, 2025

Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025

Index

Chapter - I.....	2
Preliminary.....	2
A. Introduction.....	2
B. Applicability.....	2
C. Definitions.....	3
Chapter II	4
General conditions Applicable to all NFB facilities.....	4
Chapter – III.....	4
General Conditions applicable for “Guarantee” Business	4
A. General Requirements for REs	4
B. Additional conditions applicable for Guarantee Business for NBFCs, UCBs, RRBs and RCBs (StCBs and CCBs)	8
C. Requirements for Other Specific Guarantees	8
Chapter - IV	10
Partial Credit Enhancement.....	10
A. Salient features of the PCE facility	11
B. Balance sheet treatment, capital requirements, exposure and asset classification norms for exposures arising on account of providing PCE.....	12
C. Additional conditions for providing PCE to bonds of NBFCs and HFCs	14
D. Other Aspects of PCE	14
Chapter - V	15
Exclusions and Other Aspects	15
Chapter - VI	16
Disclosures	16
Annex 1.....	18
List of Circulars repealed in respect of Scheduled Commercial Banks.....	21
List of Circulars repealed in respect of Urban Cooperative banks.....	25

Chapter - I

Preliminary

A. Introduction

1. In exercise of the powers conferred under sections 21 and 35A read with section 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and sections 30A, 32 and 33 of the National Housing Bank Act, 1987, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest and in the interest of banking policy to do so, hereby, issues the Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025 (hereinafter referred to as '**Directions**').

B. Applicability

2. The provisions of these Directions shall apply to the following entities (collectively referred to as REs in these Directions) for all their Non-Fund Based (NFB) credit exposures, unless specified otherwise:

- a. Commercial Banks (including Regional Rural Banks and Local Area Banks);
- b. Primary (Urban) Co-operative Banks (UCBs)/ State Co-operative Banks (StCBs)/ Central Co-operative Banks (CCBs);
- c. All India Financial Institutions (AIFIs);
- d. All Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs).

Provided that the applicability of these Directions to NBFCs carrying out specific activities¹ shall be subject to enabling provisions under the respective regulatory frameworks applicable to these NBFCs.

3. These Directions shall not apply to the derivative exposures of REs, other than the general conditions as laid down under Chapter II of these Directions.

¹ Including NBFC-P2P, NBFC-AA, CIC, NBFC-MFI, NBFC-Factors, Mortgage Guarantee Companies, NBFC-IDF, NBFC-IFC

C. Definitions

4. For the purpose of these Directions, the following definitions shall apply:
 - a. "Beneficiary" means the party in whose favour the NFB facility is issued by an RE.
 - b. "Counter Guarantee" refers to guarantee issued by an RE in the favour of another RE in order to facilitate the issuance of guarantee by the latter.
 - c. "Co-acceptance of bills" means an undertaking to make payment to the drawer of the bill (seller/ exporter) on due date even if the buyer/ importer fails to make the payment on that date.
 - d. "Guarantee" means a contract to perform the promise, or discharge the liability, of a third person in the contingent case of his non-performance or default, in terms of The Indian Contract Act, 1872.
 - e. "Guarantor" refers to the party which issues the guarantee.
 - f. "Letter of Credit" is an arrangement constituting a definite undertaking of the issuing RE to pay the beneficiary upon the occurrence of a specific event or, in connection with the export of specific goods, against the presentation of specified documents.
 - g. "Obligor" refers to a party against whose obligations, financial or otherwise, a NFB facility has been issued. In the case of guarantees, the obligor may also be termed as 'principal debtor', as defined under the Indian Contract Act, 1872.
 - h. "Performance Guarantee" is performance-related contingency that involves irrevocable undertaking to pay a pre-determined sum of money to a third party in the event of failure of the obligor to fulfil or perform a contractual non-financial obligation.
 - i. "Regulated Entities (REs)" means entities as listed in the clause 2 of these Directions.
 - j. "Secured portion of an NFB facility" is the extent to which the NFB facility is covered by the realisable value of the security to which the bank has a valid recourse and the realisable value is estimated on a realistic basis.
Provided that once a NFB facility is devolved and is converted into a fund-based facility, then the prudential norms shall be as applicable to fund-based facilities.

Chapter II

General conditions Applicable to all NFB facilities

5. The credit policy of the REs shall incorporate suitable provisions for issue of NFB facilities *inter alia* covering aspects relating to type of NFB facilities, limits granted, credit appraisal, controls, fraud prevention, overall monitoring mechanism, delegation matrix and other safeguards.
6. As a general principle, no NFB facility shall be issued by an RE unless their credit policy contains specific enabling provisions, with detailed guidelines in this regard.
7. The credit appraisal of an NFB facility shall be similar in rigour to a funded facility.
8. Unless specifically permitted otherwise in these Directions, REs shall issue a NFB facility only on behalf of a customer having business relationship with the RE, i.e. where the customer is availing a funded credit facility or a deposit facility from the RE.

Provided that this clause shall not be applicable in respect of derivatives entered into by REs with counterparties.

Chapter – III

General Conditions applicable for “Guarantee” Business

A. General Requirements for REs

9. In general, a guarantee (or a counter-guarantee) issued by an RE (guarantor) shall be irrevocable i.e., there shall be no clause in the contract that would allow the guarantor to unilaterally cancel the same. The guarantee shall also be unconditional i.e. there shall be no clause in the guarantee that could prevent it from being obliged to pay out in a timely manner in the event that the original counterparty fails to meet its obligation. Besides, the guarantee shall be incontrovertible and contain a clear mechanism for honouring the same without demur as and when invoked.
10. REs shall avoid undue concentration of unsecured guarantees and shall put in place suitable internal aggregate/individual ceilings for issuance of unsecured guarantees.

11. Policy on Guarantees

The provisions of the credit policy relating to guarantees shall specifically address the following aspects:

11.1 Type and Nature of Guarantee: Types of guarantees, *viz.* Financial Guarantee and Performance Guarantee, that can be extended by the RE as well as the detailed modalities of the products being offered by the RE under each type of guarantee including security requirement.

11.2 Credit Appraisal

- a. Details of the credit appraisal process to be undertaken by the RE, which shall be commensurate to the risk involved with respect to different kinds of obligors, as determined by the RE.
- b. Details of specific risk-mitigants to be taken by the RE, specifically in case of issuance of guarantees beyond 10 years.
- c. Detailed analysis on the technical feasibility and financial viability, especially in case of performance guarantee. The policy shall lay down criteria to determine whether the beneficiary has the necessary experience, capacity and means to perform the obligation under the contract.
- d. Profitability/ cash flow analysis of the underlying project in case of a “deferred payment guarantee”.

11.3 Controls

- a. Details of the internal exposure limits to be adopted while extending guarantees.
- b. Periodic assessment of the guarantees issued by the REs on the Asset Liability Management aspects.
- c. Aspects related to financial, reputational, legal or other implications, including ensuring compliance to uniform international standards issued by standard setting bodies.
- d. Overall monitoring mechanism, delegation matrix, audit and internal controls, other safeguards, etc. to be adopted by the RE.

11.4 Other Aspects

- a. Aspects relating to the invocation and settlement mechanism, claim period, tenor, fee/ commission/ charge applicable, timelines on release of security, renewal etc. Description on timelines relating to providing confirmation of guarantee to the beneficiary and the details of the nodal offices designated by the REs for the above purpose.
 - b. Details regarding immediate honouring of payments in case of guarantees getting invoked.
 - c. Description on the process of transfer of guarantee and assignment of proceeds in case of any request from the beneficiary.
12. The provisions of the policy relating to issuance of guarantees shall apply *mutatis mutandis* to Letter of Credit and co-acceptances. Additionally, REs shall ensure the following while co-accepting bills:
- a. Only genuine trade bills shall be co-accepted, and the goods covered by bills co-accepted are actually received in the stock accounts of the borrowers and are not over-valued.
 - b. The REs shall not extend their co-acceptance to accommodation bills drawn by group concerns on one another.
 - c. Proper records of the bills co-accepted for each customer shall be maintained, so that the commitments for each customer and the total commitments at a branch can be readily ascertained, and these shall be part of internal audit.
 - d. REs shall not co-accept bills drawn by another RE or where the buyer has received funding for the underlying trade transaction from any RE.

13. Usage of electronic-Guarantee

Given the benefits in terms of cost efficiency, reduced turnaround time, risk mitigation in case of frauds etc., REs may consider issuance of electronic Guarantee. REs shall frame a standard operating procedure (SOP) aimed at minimization of manual intervention; system integration requirements; technological compatibility between the REs' interface and the electronic Guarantee platforms,

audit and internal controls etc. The SOP shall, *inter alia*, consider the aspects mentioned in [**Annex 1**](#).

14. Guarantee for mobilisation of funds

REs shall not issue guarantee to any entity assuring redemption/repayment of funds raised by another entity *via* deposits, issuance of bonds or in any form either directly or indirectly, unless as specifically permitted under these Directions.

15. Role of REs as a Default Loan Guarantee (DLG) provider in case of Digital lending

Arrangements between REs and Lending Service Providers (LSPs) or between two REs in case of ‘Digital Lending’ involving default loss guarantee (DLG)², commonly known as First Loss Default Guarantee (FLDG), shall be guided by Guidelines on DLG in Digital Lending issued in this regard. As per the above guideline, for RE accepting the DLG cover, DLG arrangement shall not act as a substitute for credit appraisal requirements and robust credit underwriting standards need to be put in place irrespective of DLG cover. It is stipulated that in cases where an RE acts a DLG provider, it shall also conduct proper credit appraisal of the loans for which it is providing the guarantee as if these loans are on its own books.

16. Issue of Counter Guarantee favouring another RE

Any counter guarantee issued by an RE favouring other REs for the NFB facilities extended by the latter, shall be treated as an exposure on the obligor on whose behalf the counter guarantee has been issued by it, for all purposes including for the calculation of capital adequacy. The exposure of REs extending NFB facilities against such a counter guarantee shall be treated as a claim/ exposure on the RE which is providing the counter guarantee.

17. Payment of Invoked Guarantee

REs shall honour the guarantees issued by them as and when they are invoked in accordance with the terms and conditions of the guarantee deeds. In case of any disputes, such honouring can be done under protest, if necessary, and the matters of dispute pursued separately. Complaints regarding dishonouring of the

² As defined in clause 2.1 of Guidelines on Default Loss Guarantee (DLG) in Digital Lending

guarantees issued by REs shall be promptly looked into by the REs and necessary action shall be taken in a timebound manner.

B. Additional conditions applicable for Guarantee Business for NBFCs, UCBs, RRBs and RCBs (StCBs and CCBs)

18. Eligibility

While all NBFCs, UCBs, RRBs and RCBs can provide financial guarantees, performance guarantees can be provided by only scheduled UCBs and NBFCs in the middle and upper layer³.

19. Risk Management

There shall be a cap on the guarantee exposure of NBFCs, UCBs, RRBs and RCBs. The total volume of guaranteed obligations of these REs outstanding at any time shall not exceed 5% of their total assets as per the previous financial year's balance sheet, out of which the unsecured guarantees shall be restricted to a maximum of 25% of the overall limit. An illustration in this regard is given below:

Total Assets of an RE as on March 31, 2024	Limit on amount of outstanding guarantee	Limit on amount of outstanding unsecured guarantee
₹10,000 Cr	₹500 Cr	₹125 Cr

20. Tenor

The maximum tenor of the guarantees extended by these REs shall not be more than ten years.

C. Requirements for Other Specific Guarantees

21. Guarantee and related business having overseas current or capital account transaction involved

- a. Only AD Category-I bank (AD bank) may issue guarantees which has the effect of guaranteeing a debt, obligation or other liability and has a bonafide current or capital account transaction permissible under Foreign Exchange

³ as defined under circular Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated [October 22, 2021](#)

Management Act, 1999 (FEMA). AD banks shall be guided by Foreign Exchange Management (Guarantee) Directions issued by RBI in this regard and updated from time to time.

- b. As per Foreign Exchange Management (Guarantee) Directions, an AD bank may issue Irrevocable Payment Commitments (IPCs) in its capacity as a custodian bank, in favour of the Stock Exchanges / Clearing Corporations of the Stock Exchanges on behalf of their client who is a person resident outside India, for purchase of any permitted instruments under the provisions of Foreign Exchange Management (non-debt instruments) Rules, 2019. It is further stipulated that only Non-UCB AD banks are permitted to issue IPCs.
- c. Issuance of any type of guarantee by REs relating to External Commercial Borrowings is not permitted. In this regard, REs shall be guided by RBI Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations updated from time to time.
- d. In case of Trade Credit, guarantee may be given only by the Authorised Dealers (AD), on behalf of the importer, in favour of overseas lender of Trade Credit not exceeding the amount of Trade Credit. Period of such guarantee cannot exceed the maximum permissible period for Trade Credit. In this regard, AD banks shall be guided by RBI Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations as amended from time to time.

22. Guarantees on behalf of share and stock-brokers

Only Scheduled Commercial Banks (SCBs) may issue guarantees on behalf of share and stock-brokers in favour of stock exchanges in lieu of security deposit to the extent it is acceptable in the form of bank guarantee as laid down by stock exchanges. SCBs may also issue guarantees in lieu of margin requirements as per stock exchange regulations read along with instructions issued by RBI on “lending to stockbrokers” from time to time. The margin requirements in respect of such guarantees shall be applicable as stipulated in [Master Circular on Loans and Advances – Statutory and Other Restrictions dated July 01, 2015](#) as amended from time to time.

23. Guarantees for Export Advance and Export Performance

- a. REs may give guarantees in respect of debt or other liability incurred by an exporter on account of exports from India. While issuing such guarantees REs shall ensure that the advances received by the exporters are in compliance with the regulations/ directions issued under FEMA.
- b. Export performance guarantee shall strictly be in the nature of performance guarantee and shall not contain any clause which may in effect allow such performance guarantees to be utilized as financial guarantees/ Standby Letter of Credit.

24. Overseas Investment – Guarantee on behalf of Wholly Owned Subsidiaries/ Joint Ventures abroad

- a. In order to enhance the scale and scope of business operations of Indian entrepreneurs by providing global opportunities for growth, Indian entities have been permitted, subject to certain limits, to inter alia make non-fund based financial commitments. For this purpose, AD banks can issue guarantees to or on behalf of a foreign entity, or any of its step down subsidiary in which an Indian entity has acquired control through the foreign entity, which is backed by a counter-guarantee or collateral by the Indian entity or its group company.
- b. It is, however, clarified that such guarantees shall not be issued by banks, including overseas branches / subsidiaries of Indian banks, for the purpose of raising loans / advances of any kind by the foreign entity except in connection with the ordinary course of business overseas. Further while extending such guarantees, banks shall ensure effective monitoring of the end use of such facilities and its conformity with the business needs of such entities.

Chapter - IV

Partial Credit Enhancement

25. SCBs, AIFIs, NBFCs in Top, Upper and Middle Layers and HFCs (together termed as “REs” for the purpose of chapter IV) may provide Partial Credit Enhancement (PCE) to bonds issued by corporates /special purpose vehicles (SPVs) for funding all types of projects and to bonds issued by Non-deposit taking

NBFCs with asset size of ₹1,000 crore and above registered with RBI (including HFCs).

26. The objective behind allowing REs to extend PCE is to enhance the credit rating of the bonds issued so as to enable corporates to access the funds from the bond market on better terms. The guidelines in this regard are as below:

A. Salient features of the PCE facility

27. The credit policy of the REs shall incorporate suitable provisions for issue of PCE, covering issues such as quantum of PCE, underwriting standards, assessment of risk, pricing, setting limits, etc.

28. PCE shall be provided in the form of an irrevocable contingent line of credit which will be drawn in case of shortfall in cash flows for servicing the bonds and thereby may improve the credit rating of the bond issue. The contingent facility may, at the discretion of the PCE providing RE, be made available as a revolving facility.

29. A clear agreement documenting all aspects of this arrangement shall be signed between the promoter (bond issuer), the PCE providing RE, the bondholders (through the Trustee) and all other lenders to the project. The agreement to this effect is to be in the nature of a legally binding contract. The documentation for the facility shall clearly define the circumstances under which the facility would be drawn upon.

30. The PCE exposure limit by a single RE shall be 50 per cent of the bond issue size. The aggregate exposure limit of all REs towards the PCE for a given bond issue has also been capped at 50 per cent of the bond issue size.

31. The PCE facility shall be provided at the time of the bond issue and shall be irrevocable. PCE cannot be provided by way of guarantee.

32. As the purpose of PCE by REs is to enable wide investor participation in the corporate bond market, REs shall not invest in corporate bonds which are credit enhanced by other REs. They may, however, provide other need based credit facilities (funded and/ or non-funded) to the corporate/ SPV.

33. REs may offer PCE only in respect of bonds whose pre-enhanced rating is “BBB” minus or better.

34. To be eligible for PCE, corporate bonds shall be rated by a minimum of two external credit rating agencies at all times.

35. The rating reports, both initial and subsequent, shall disclose both standalone credit rating (i.e., rating without taking into account the effect of PCE) as well as the enhanced credit rating (taking into account the effect of PCE).

36. So long as the exposure of an RE to a project loan is classified as standard and the borrower is not in any financial distress (Refer to Annex 1 of [Prudential Framework for Resolution of Stressed Assets dated June 7, 2019](#) for indicative list of signs of financial difficulty), providing a commercially priced PCE to enhance the rating of a bond issue, whose proceeds replace, in whole or in part, the RE's project loan, would not amount to restructuring.

37. The contingent PCE shall be available only for servicing the bond and not for any other purpose (such as funding acquisition of additional assets by the corporate, meeting part of the project cost or meeting recurring expenses of the corporate or servicing other lenders/ creditors to the project etc.), irrespective of the seniority of claims of other creditors in relation to the bond holders.

38. In case the PCE facility is partly drawn and interest accrues on the same, the unpaid accrued interest shall be excluded from the calculation of the remaining amount available for drawing.

B. Balance sheet treatment, capital requirements, exposure and asset classification norms for exposures arising on account of providing PCE

39. PCE facilities to the extent drawn shall be treated as an on-balance sheet advance in the balance sheet. Undrawn facilities would be an off-balance sheet item and reported under 'Contingent Liability – Others'.

40. The capital required to be maintained by the REs providing contingent PCE for a given bond issue shall be based on the PCE amount and the applicable risk weight for the RE corresponding to the pre-enhanced rating of the bond.

To illustrate, assume that the total bond size is ₹100 and pre-enhanced rating of the bond is BBB. In this scenario, the applicable risk weight at the pre-enhanced rating of BBB is 100%.

The capital requirement for varying amount of PCE, would, therefore be:

PCE Amount (₹)	Capital Requirement for PCE provider (₹)
20	1.8 (20*100%*9%)
30	2.7 (30*100%*9%)
40	3.6 (40*100%*9%)
50	4.5 (50*100%*9%)

41. For the purpose of capital computation in the books of PCE provider, lower of the two standalone credit ratings shall be reckoned.

42. It is possible that the credit rating of the bond changes during the lifetime of the bond, necessitating a change in the capital requirement. Therefore, the rating of the bond shall be monitored regularly, and capital requirement adjusted in the following manner:

- a. In case of change in the pre-enhanced rating of the bond, the capital required shall be recalculated based on the risk weight applicable to revised pre-enhanced rating, subject to a floor, i.e., the capital requirement on the PCE at the time of issuance of the PCE enhanced bonds.
- b. As long as the bond outstanding amount exceeds the aggregate PCE (drawn and contingent non- funded) offered, the capital held shall not be less than the amount required to be held at the time of issuance of the PCE enhanced bond. However, once the bond outstanding has amortised below the aggregate PCE amount, the capital can be computed taking into account the outstanding bond amount.
- c. In situations where the pre-enhanced rating of the bond slips below investment grade (BBB minus), full capital to the extent of PCE provided shall be maintained by all REs, including NBFCs and HFCs.

43. In all circumstances, the capital computed for PCE as mentioned above and required to be maintained by the PCE provider, shall be capped by the total amount of credit enhancement provided.

44. In a waterfall mechanism, Credit Enhancement (CE) gets drawn only in a contingent situation of cash flow shortfall for servicing a debt / bond etc., and not in

the normal course of business. Hence, such an event is indicative of financial distress of the project. Keeping this aspect in view, a drawn tranche of the contingent PCE facility shall be required to be repaid within 30 days from the date of its drawal (due date). The facility shall be treated as NPA if it remains outstanding for 90 days or more from the due date and provided for as per the usual asset classification and provisioning norms. In that event, the bank's other facilities to the borrower shall also be classified as NPA as per extant guidelines.

45. The PCE providing RE shall observe the following exposure limits:

- a. PCE exposure by an RE to a single counterparty or group of counterparties shall be within the overall regulatory exposure limits applicable to each category of RE.
- b. The aggregate PCE exposure of an RE shall not exceed 20 per cent of its Tier 1 capital.

C. Additional conditions for providing PCE to bonds of NBFCs and HFCs

46. The tenor of the bond issued by NBFCs/ HFCs for which PCE is provided shall not be less than three years.

47. The proceeds from the bonds backed by PCE from REs shall only be utilized for refinancing the existing debt of the NBFCs/ HFCs. REs shall introduce appropriate mechanisms to monitor and ensure that the end-use condition is met.

48. The exposure of an RE by way of PCEs to bonds issued by each such NBFC/ HFC shall be restricted to one percent of capital funds of the RE within the extant single/ group borrower exposure limits.

D. Other Aspects of PCE

49. The effect of the PCE on the bond rating shall be disclosed in the bond offer document i.e., the rating of the bond without and with the PCE shall be disclosed.

50. REs shall ensure that the project assets, created out of the bond issue for which PCE has been provided by them, and the cash flows from the project are ring fenced through an escrow account mechanism administered under a bond trustee arrangement. The manner in which security interest in the project assets would be shared by the lenders to the project, bond holders and REs providing the PCE and the manner in which the project cash flows would be shared for servicing loans, if

any, and the bonds and PCE, shall be decided and agreed upon before the issue of bonds and shall be properly documented.

51. The project shall have a robust and viable financial structure even before the credit enhancement is taken into account. Nevertheless, while providing PCE, REs shall exercise necessary due diligence and risk appraisal, including making their own internal credit analysis/ rating and shall not entirely rely on the ratings of external agencies. REs shall strengthen their internal rating systems which should also include building up of a system of regular (quarterly or half-yearly) tracking of the financial position of the issuer with a view to ensuring continuous monitoring of the rating migration of the issuers/ issues.

52. REs shall honour the full PCE commitment made *ab-initio* in respect of a bond issue irrespective of the asset classification of the concerned borrower's credit facilities.

53. All extant regulatory prescriptions for credit and investment exposures by REs, unless specified otherwise in this Direction, shall continue to apply.

Chapter - V

Exclusions and Other Aspects

54. REs shall not extend guarantees in any form in favour of overseas lenders including those assignable to overseas lenders. However, AD banks shall also be guided by the provisions contained in [Notification No. FEMA 8/2000-RB dated May 3, 2000](#) and subsequent amendments thereof.

55. AD banks shall also ensure compliance with [A.P. \(DIR Series\) Circular No. 20 dated March 13, 2018](#) regarding 'Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits'.

56. These Directions have been issued without prejudice to directions under Foreign Exchange Management Act (FEMA), 1999; Foreign Exchange Management (Guarantees) Regulations, 2000, notified vide [Notification No. FEMA 8/2000-RB dated May 03, 2000](#); as amended from time to time.

57. REs shall comply with all the related prudential norms including exposure norms issued by RBI as amended from time to time.

Chapter - VI

Disclosures

58. The REs shall disclose the details of NFB facilities in the format given below:

		As at 31st March 20XX	Previous Year
I.	Claims not acknowledged as debts in lieu of NFB facilities		
II.	Liability on account of outstanding forward exchange contracts		
III.	Guarantees on behalf of constituents		
	i) In India		
	ii) Outside India		
IV.	Acceptances, Endorsements and Other Obligations		
V.	Other items for which the RE is contingently liable		
	i) Liability in respect of interest rate, currency swaps and forward rate agreements		
	ii) Liability in respect of other derivative contracts		
	iii) Others		

***Some REs may not be eligible to offer some of the item with respect to the NFB facilities mentioned in the Table above. However, they shall disclose the same with amount as "Nil". REs may add additional disclosures in the form of additional rows at their convenience.**

59. Apart from the above disclosure, the REs shall disclose their non-market related NFB facilities in the format as given below:

		As at 31st March 20XX	As at 31st March 20XX	Previous Year	Previous Year
		Secured* Portion	Unsecured Portion	Secured* Portion	Unsecured Portion
(i)	Financial Guarantee				
(ii)	Performance and other Guarantees				
	Total Guarantees (i+ii)				
(iii)	Acceptances, Endorsements and other obligations				
	Total (i+ii+iii)				

*** Secured portion is the portion of total NFB facility which is secured by collateral.**

60. The REs shall also disclose their non-market related NFB facilities in the format as given below:

		Current year (as on March 31, 20XX)					Previous year
		Expires in 1 year or less	Expires in 1-3 years	Expires in 3-5 years	Expires in 5-10 years	Expires after 10 years	Total
(i)	Financial Guarantee						
(ii)	Performance and other Guarantee						
	Total Guarantees (i+ii)						
(iii)	Acceptances, Endorsements and other obligations						
	Total (i+ii+iii)						

Operational Risk Controls for issuance of Electronic Guarantees

a. Policy and SoP

- i. REs shall have suitable enabling provisions in their Board approved internal policies which shall inter alia envisage the adoption of electronic Guarantees, the risk controls to be put in place, delegation of authority, the monitoring process, etc.
- ii. REs shall put in place appropriate SOPs for user reference, detailing all the steps to be followed during the entire electronic Guarantee lifecycle. electronic Guarantees shall not be issued without ensuring that the underlying transaction has been duly reflected in the CBS / Trade Finance System (TFS).

b. Integration of the systems

- i. REs shall have a strong control environment covering the policies, processes and systems; sound internal controls; and appropriate risk mitigation strategies for all operations pertaining to electronic Guarantees.
- ii. REs shall ensure that all features relating to the entire lifecycle events of electronic Guarantees such as issuance, amendment, invocation, cancellation etc. shall be available on the REs' platform through suitable integration with the electronic Guarantee service provider.
- iii. The CBS / TFS systems shall be integrated with the APIs and other related messaging platforms offered by the electronic Guarantee service provider, in Straight Through Processing (STP) mode, without any manual intervention.

c. User Roles

- i. REs shall have an efficient system of 'Maker, Checker and Authorizer' for issuance and monitoring of electronic Guarantees, while ensuring

- strict access control and an effective segregation of the role and accountability.
- ii. No role involved in electronic Guarantee issuance lifecycle shall violate principle of segregation of duties, four/ six eye principle and no employee shall be allocated roles/ privileges across systems, applications that are conflicting in nature or in violation of four/ six eye principle.
 - iii. The system access shall be provided only to specified users, and access through generic user IDs shall not be permitted. User review shall be continuous, at defined periodicity and identifiable at any point of time with respective rights and privileges. The user privileges shall be decided on "need to know/ need to do" basis.

d. Control Measures

- i. REs shall have in place a system of periodical review and reconciliation of all the electronic Guarantees issued/ modified/ cancelled, during the specified period.
- ii. The issuance of electronic Guarantees shall be mandatorily covered within the scope of concurrent audit and RBIA of the RE. REs shall ensure that all transactions with the electronic Guarantee service provider are reconciled independently by either the internal audit team or concurrent auditors.
- iii. The periodicity of such reconciliation/ audit shall be prescribed in the Board approved policy.
- iv. All the audit reports along with corrective measures put in place in case of any audit observations shall be placed before the Board or any other designated sub-committee of the Board for appropriate oversight.

e. Other aspects

- i. CERT-In empanelled auditor shall certify the robustness of the electronic Guarantee systems against the vulnerabilities, in the REs on a half yearly basis/ specified period.
- ii. The fee structure to be charged to the applicant and/ or beneficiary shall be transparent, and in accordance with the principles laid down in the Master Circular on Customer service in Banks dated July 1, 2015 and other instructions on the matter as issued from time to time.
- iii. Dependence on the vendors for day-to-day transactions shall be avoided. Access to production systems shall be provided to vendors only in a controlled environment. Such access shall be recorded and maintained for the review of RBI/ auditors.
- iv. Security Incident and Event Management (SIEM) tool shall be integrated with the concerned servers and consoles/ PCs connected to electronic Guarantee related critical systems directly in its VLAN to generate automatic alerts.
- v. REs shall integrate electronic Guarantee systems with Privileged User Management Systems/ Identity and Access Management systems. The logs of the same shall be monitored through Security Operation Centre (SOC) setup.
- vi. Business Continuity Measures and contingency plans for system failures, shall be put in place by the REs.

List of Circulars repealed in respect of Scheduled Commercial Banks

Circular Reference	Circular Subject	Date
<u>DBR.Dir.BC.No.70/13.03.0 0/2015-16</u>	Non-Fund Based Facility to Non-constituent Borrowers of Bank	7-Jan-16
<u>DBR.BP.BC.No.40/21.04.1 42/2015-16</u>	Partial Credit Enhancement to Corporate Bonds	24-Sep-15
<u>DBR.BP.BC.No.7/21.04.14 2/2018-19</u>	Partial Credit Enhancement to Bonds Issued by Non-Banking Financial Companies and Housing Finance Companies	2-Nov-18
<u>DBR.No.BP.BC.70/21.04.1 42/2016-17</u>	Partial Credit Enhancement to Corporate Bonds	18-May-17
<u>DBR.BP.BC.No.5/21.04.14 2/2016-17</u>	Partial Credit Enhancement (PCE) to Corporate Bonds	25-Aug-16
Mail-Box Clarification (MBC)	Issue of Bank Guarantee (BG) / Letter of Credit (LC) by Commercial Banks to constituents of Co-operative Banks	19-May-11
<u>DBOD.No.DIR.BC.136/13. 03.00/2008-09</u>	Issue of Guarantees by Bank	29-May-09
<u>DBOD.No.BP.BC.127/21.0 4.009/2008-09</u>	Extension of Guarantee - Maturity Beyond Ten Years	22-Apr-09
MBC	Bank Guarantee with Auto Renewal Clause	15-Apr-09
MBC	Signing of Bank Guarantee	27-May-08
<u>DBOD No.Dir.BC.72/ 13.03.00/2006-07</u>	Guarantees for Export Advance	3-Apr-07
<u>DBOD.No.Dir.BC.35/13.07. 10/2006-2007</u>	Guarantees and Co-acceptances	11-Oct-06
<u>DBOD.No.BP.BC.47/21.04. 141/2002-03</u>	Limit of Unsecured Guarantees and Advances	13-Dec-02
<u>DBOD.No.BP.BC.39/21.04. 141/2002-03</u>	Exemption of Advances granted to Self Help Groups (SHGs) against Group Guarantee from the Limit of Unsecured Guarantees and Advances	6-Nov-02
DBOD.No.BP.BC.78/21.04.009/99	Bank Guarantees	4-Aug-99
DBOD.No.BP.BC.16/21.04.009/97	Payment under Bank Guarantees - Immediate Settlement of Cases	28-Feb-97
IECD.No.21/08.12.01/96-97	Bill Discounting/Rediscounting Schemes Operated by Power Finance Corporation Ltd. (PFC)	21-Feb-97

IECD.No.37/08.12.01/94-95	Issue of Bank Guarantees in favour of Financial Institutions	23-Feb-95
IECD.No.21/08.12.01/94-95	Bill Discounting Schemes Operated by Small Industries Development Bank of India (SIDBI)	1-Nov-94
DBOD.No.BP.BC.194/21.0 4.009/ 93	Payment under Bank Guarantees - Immediate Settlement of Cases	22-Nov-93
DBOD.No.BC.185/21.04.00 9-93	Bank Guarantee - Delay in Obtaining Certified Copies of Judgements	21-Oct-93
DBOD.No.BP.BC.53/C.473 -91	Payment under Bank Guarantees - Immediate Settlement of Cases	27-Nov-91
IECD.No.PMD.BC.12/C.44 6(C&P)- 90/91	Co-acceptance/Issuance of Guarantee Favouring Financial Institutions - Buyers' Line of Credit Scheme (BLCS)	21-Sep-90
DBOD.No.Dir.BC.35/C.96(Z)-90	Bank Guarantee Scheme	22-Oct-90
IECD.No.CMD.IV.13/HF-P- 90/91	Issue of Guarantee by Banks favouring HUDCO in respect of Loans to State sponsored Bodies	15-Oct-90
DBOD.No.Dir.BC.11/C.96-89	Bank Guarantee Scheme	09-Aug-89
DBOD.No.BP.BC.124/C.47 3-89	Payment under Bank Guarantees - Immediate Settlement of Cases	31-May-89
DBOD.No.Inf.BC.73/C.109(H)-89	Bank Guarantee Scheme	15-Feb-89
DBOD.No.BP.BC.71/C.473 -87	Payment under Bank Guarantees - Immediate Settlement of Cases	10-Dec-87
DBOD.No.BP.BC.11/C.473 -87	Payment of Invoked Guarantees	10-Feb-87
DBOD.SIC.BC.5A/C.739 (A-1)-87	Co-acceptance of Bills Drawn under Letters of Credit by Banks	29-Jan-87
DBOD.No.BP.BC.130/C.47 3-86	Bank Guarantee	15-Nov-86
DBOD.No.Inf.BC.45/C.109(H)-86	Bank Guarantee Scheme	09-Apr-86
DBOD.No.BP.BC.28/C.469 (W)-86	Safeguards for Issue of Banks Instruments, etc.	07-Mar-86
DBOD.No.BP.BC.18/C.473 -86	Bank Guarantee	24-Feb-86
DBOD.No.BP.BC.111/C.46 9(W)-85	Safeguards for Issue of Banks Instruments, etc.	02-Sep-85
IECD.No.PMS.129/C.446(PL)-85	CAS - IDBI Bills Rediscounting Scheme	11-Oct-85

DBOD.No.Dir.BC.25/C.96-84	Guarantee of Inter-company Deposits/Loans by Commercial Banks	26-Mar-84
IECD.No.CAD.82/C.446(H F-P)-84	Guarantee Furnished by Banks in favour of HUDCO in respect of Loans to State Housing Boards and similar Bodies	02-Feb-84
DBOD.No.Dir.BC.44/C.96-83	Guarantee of Inter-company Deposits/Loans by Commercial Banks	30-May-83
DBOD.No.BP.678/C.473-83	Bank Guarantee	11-Jan-83
DBOD.No.Clg.BC.91/C.109 (H)-82	Bank Guarantee Scheme	30-Sep-82
ICD.No.CAD.18/C.446-82	Bank Guarantee	10-Feb-82
DBOD.No.Inf.BC.103/C.10 9-80	Bank Guarantee Scheme	11-Sep-80
DBOD.No.Clg.BC.21/C.109 (H)-80	Bank Guarantee Scheme	08-Feb-80
DBOD.No.Dir.BC.122/C.10 7(N)-78	Guarantee of Inter-company Deposits/Loans by Commercial Banks	20-Sep-78
DBOD.No.Clg.BC.1/C.109-78	Bank Guarantee Scheme	02-Jan-78
DBOD.No.ECC.BC.77/C.29 7L(1-A)-77	Unconditional Guarantee Issued by Indian Banks in favour of Overseas Employers/ Importers on Behalf of Indian Exporters	07-Jun-77
DBOD.No.ECC.BC.89/C.29 7L(1-D)-76	Bid Bonds and Performance Guarantees	04-Aug-76
DBOD.No.Fol.BC.9/C.249-76	Co-acceptance of Bills/Guarantees by Commercial Banks on Inter-company Deposits/ Loans	20-Jan-76
DBOD.No.GCS.BC.25/C.1 07(N)-74	Guarantee of Inter-company Deposits/Loans by Commercial Banks	01-Apr-74
DBOD.No.Sch.BC.88/C.96(S)-72	Unsecured Advances Guaranteed by Credit Guarantee Corporation of India Ltd.	10-Oct-72
DBOD.No.BM.BC.81/C.297 (P)-72	Bid Bonds and Performance Guarantees	14-Sep-72
DBOD.No.Sch.BC.68/C.10 9-72	Bank Guarantee Scheme	31-Jul-72
DBOD.No.Sch.BC.27/C.96(S)-72	Continuance of Exemption in respect of Inland D/A Bills for the purpose of Norm relating to Unsecured Advances/Guarantees	24-Mar-72
DBOD.No.Sch.BC.1610/C. 96(S)-70	Unsecured Advances and Guarantees	23-Oct-70
DBOD.No.Sch.BC.1051/C. 96(S)-69	Unsecured Advances made to Exporters made on Consignment Basis to be Excluded for the Purpose of Norm	01-Jul-69

DBOD.No.Sch.BC.1001/C.96Z-69	Bank Guarantees	23-Jun-69
DBOD.No.Sch.BC.2381/C.96(Z)-68	Bank Guarantees	14-Aug-68
DBOD.No.Sch.BC.2342/C.96S-68	Advances against Book Debts	08-Aug-68
DBOD.No.Sch.BC.481/C.96S-68	Unsecured Advances	30-Mar-68
DBOD.No.Sch.BC.421/C.96(S)-68	Unsecured Advances - Advances against Supply Bills Drawn on Central/State Governments	19-Mar-68
DBOD.No.Sch.BC.359/C.96S-68	Unsecured Advances - Inland D/A Bills having a Usance of 90 Days	07-Mar-68
DBOD.No.Sch.BC.68/C.96(S)-68	Unsecured Advances - Guidelines	12-Jan-68
DBOD.No.Sch.BC.1850/C.96Z-67	Bank Guarantees	07-Dec-67
DBOD.No.Sch.BC.1794/C.96Z-67	Bank Guarantees	29-Nov-67
DBOD.No.Sch.BC.1296/C.96Z-67	Bank Guarantees	21-Aug-67
DBOD.No.Sch.BC.1069/C.96Z-67	Guarantee Business of Banks - Guidelines - Clarification	11-Jul-67
DBOD.No.Sch.BC.666/C.96Z-67	Guidelines and Norms for Guarantee Business Undertaken by Banks	03-May-67

List of Circulars repealed in respect of Urban Cooperative banks

Circular Reference	Circular Subject	Date
<u>UBD.(PCB)BPD.Cir.No.29/13.05.000/2011-12</u>	Discounting of Bills by UCBs - Restricted Letters of Credit	30-Mar-12
UBD.No.Plan.PCB.CIR.07/09.27.00/99-2000	Bank Guarantees	21-Sep-99
UBD.No.Plan.(PCB)49/09.27.00/96-97	Payment under bank guarantee - Immediate settlement of cases	26-Apr-97
UBD.No.I&L/PCB/9/12.05.00/95-96	Payment under bank guarantees - Immediate settlement of cases	01-Sep-95
UBD.Plan.Cir.SUB.1/09.27.00/94-95	Issue of guarantees -Guidelines to be followed by the primary (urban) co-operative banks	18-Oct-94
UBD.No.Plan.42/09.27.00-93/94	Bank guarantee - Delay in obtaining certified copies of Judgements	16-Dec-93
UBD.No.POT.1/UB.58-92/3	Payment under LCs -Immediate settlement of claims	03-Jul-92