

INDIA LEGAL UPDATE

March 18, 2024

NBFCs to submit certain supervisory returns to RBI

Notification Date:
February 27, 2024
Effective Date:
February 27, 2024
Legal Framework:
Banking Regulation Act, 1949 Reserve Bank of India Act, 1934 The Banking Regulations (Co-operative Societies) Rules, 1966 SARFAESI Act, 2002
Government Authority:
Reserve Bank of India (RBI)
Weblink:
RBI Notification

LEGAL UPDATE

To create a single reference for all Supervisory Returns and to harmonise the timelines for filing of returns, RBI has consolidated all the relevant instructions into a single Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024.

NBFCs are required to report data on their domestic and overseas operations, including the operations of IFSC Banking Units (IBUs) and Overseas Banking Units (OBUs).

Target

All Non-Banking Financial Companies (excluding Housing Finance Companies)

Important Definitions

- **Supervisory Returns:** It refer to all periodic/ad-hoc data submitted to RBI in the prescribed formats prescribed from time to time.
- **Centralised Information Management System (CIMS):** It refers to an online platform of the RBI for return submission, data dissemination, and other related purposes.

Responsibilities of Board and Senior Management

- Adequate resources are to be deployed for the risk data aggregation capabilities and risk reporting practices should be fully documented.
- The identification, assessment, and management of data quality risks shall be included as part of its overall risk management framework.
- The above framework must include standards for both outsourced and in-house risk data-related processes, policies on data confidentiality, integrity, and availability, as well as risk management policies.
- While considering any acquisition / divestiture, new product development, IT Change initiatives, etc, the due diligence process should consider the impact of such activities on the data aggregation and reporting.
- The ability of the NBFC to aggregate and report data at a consolidated level or at any relevant level within the organisation must not hindered by its group structure.

Data Architecture and IT Infrastructure

- NBFCs shall design, build, and maintain the data architecture and supporting IT infrastructure for accurate, complete, and timely data aggregation and reporting not only in normal times but also during times of stress or crisis.
- The data aggregation and reporting practices should be considered an essential part of the NBFC's business continuity planning process and subject to a business impact analysis.
- Roles and responsibilities should be established among business owners and the IT team to ensure that the data is kept current and aligned with the data definitions and with the NBFCs' data reporting policies.
- NBFCs should ensure that resources and IT infrastructure are adequate to meet a broad range of on-demand, ad hoc reporting requests, including requests during stress / crises situation and to meet supervisory queries.
- Supervisors expect the NBFCs to be able to generate subsets of data based on requested scenarios.
- Total subscriptions by all individuals, including Hindu Undivided Families, shall not exceed 25% of the total amount issued.

Accuracy and integrity in reporting

- All returns / risk reports should be reconciled with NBFCs own sources, including accounting data where appropriate, to ensure accuracy and completeness.
- NBFCs should strive to achieve a higher degree of automation in the generation of data for the filing of returns.
- NBFCs shall maintain proper records of sources and aggregation rules for generating returns' data.
- NBFCs are expected to measure and monitor the accuracy of data and to develop appropriate escalation channels and action plans to rectify any deterioration in data quality.
- The investors shall have the option to accept / reject the offer.
- It shall be at the prevailing market price.
- The issuer of CP and NCDs must inform the details of the buyback to the IPA and Debenture Trustee, respectively, on the date of the buyback.
- The payment for the buyback by the issuer as well as repayment, including coupon payments shall be routed through the IPA (Issuing and Paying Agent).

Timelines for filing of Returns

The timelines for submission of returns will depend on the frequency at which the return is to be submitted. The principles for the same is:

Periodicity	Reference Date	Timeline for Return Submission
Weekly	Friday of the week	On or before Wednesday of the following week
Fortnightly	15th and Last day (28th/ 29th/ 30th/ 31st) of the respective month	Within 7 days from the Reference Date
Monthly	Last day (28th/ 29th/ 30th/ 31st) of a respective month	Within 15 days from the Reference Date
Quarterly	Last day of the Calendar Quarter (i.e., March 31st, June 30th, September 30th, and December 31st)	Within 21 days from the Reference Date
Half yearly	March 31st, and September 30th	Within 21 days from the Reference Date
Yearly	March 31st	Within 21 days from the Reference Date

Revised Timelines for Returns filed by NBFCs

The timelines for submission of returns will depend on the frequency at which the return is to be submitted. The principles for the same is:

Return Name	Purpose	Periodicity	Reference date	Existing Timelines	Revised Timelines
DNBS01	Important Financial Parameters	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS03	Important Prudential Parameters	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS4A	Short Term Dynamic Liquidity (STDL) – Quarterly	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS11	CICs - Important Financial Parameters	Quarterly	31st March/ 30th June/30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS12	CICs - Important Prudential Parameters	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date

Return Name	Purpose	Periodicity	Reference date	Existing Timelines	Revised Timelines
DNBS13	Overseas Investment Details	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS14	2Ps Important Financial & Prudential Parameters	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Within 15 days from the Reference Date	Within 21 days from the Reference Date
DNBS02	Important Financial Parameters (NBFCs – BL)	Quarterly	31st March/ 30th June/ 30th September/ 31st December	Frequency - Annual	Frequency – Quarterly
DNBS4B	Structural Liquidity & Interest Rate Sensitivity– Monthly	Monthly	31st March/ 30th April/ 31st May/30th June/31st July/31st August/30th September/ 31st October/ 30th November/ 31st December/ 31st January/ 28th or 29th February as applicable	Within 10 days from the Reference Date	Within 15 days from the Reference Date
DNBS08 - CRILC (Main)	CRILC-Main (NBFCs)	Monthly	31st March/ 30th April/ 31st May/30th June/31st July/ 31st August/ 30th September/ 31st October/ 30th November/ 31st December/ 31st January/ 28th or 29th February as applicable	Within 21 days from the Reference Date	Within 15 days from the Reference Date

Newly Inserted Forms Applicable on NBFCs

Name of the Return	Purpose	Periodicity	Reference Date
Form A Certificate	Appointment of Statutory Central Auditor (SCA)/ Statutory Auditor (SA)	Annual	31st March
Financial Soundness Indicators (FSI)	Special return for furnishing consolidated FSIs to IMF	Quarterly	31st March/ 30th June/ 30th September/ 31st December
FMR - I (Report on Actual or Suspected Frauds)	Report on actual or suspected frauds	As and when	As and when the fraud is detected
FMR - III (Update of Form FMR-I)	Progress report on frauds of large value and it is to be filed as and when any development occurs in FMR-I details	As and when	As and when any development occurs in FMR-1 details
FMR - IV (Report on Dacoities / Robberies / Theft / Burglaries)	Consolidated information on dacoities/robberies/theft/ burglaries	Quarterly	31st March/ 30th June/ 30th September/ 31st December
VMR I ((Report on Action Plan on Anti-Corruption Measures)	Information regarding preventive measures, surveillance and detection details, deterrent punitive action on vigilance cases and disciplinary cases	Quarterly	31st March/ 30th June/ 30th September/ 31st December
VMR II (Report on the Security Arrangements)	Information regarding number of branches considered vulnerable, branches provided with armed guards, alarm system, and other security measures provided	Quarterly	31st March/ 30th June/ 30th September/ 31st December
VMR III (Report on Action Taken against Employees involved in Frauds and Corrupt Practices)	Information on action taken against employees involved in frauds and corrupt practices	Quarterly	31st March/ 30th June/ 30th September/ 31st December

Mode of Submission of Returns

NBFCs shall submit all the returns through online mode in the prescribed formats.

Login Credentials for Online Portals

NBFCs are provided with a Super User Credential with defined access rights who, in turn, can create other users (with different roles such as Maker and Checker).

Returns in Hard Copy

NBFCs may continue to submit Form A in hard copy, or, through e-mails till provisions are made for submitting it through online portals.

Penalty Provisions

In case any NBFC is found in violation of these Directions, RBI may take necessary action including imposition of a penalty / fine.

Queries?

If you have any queries about this article, please reach out to our experts:



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