

Extension of relaxation on the guidelines to NBFCs on securitisation transactions

In order to encourage NBFCs to securitise/assign their eligible assets, it was decided by RBI to relax the Minimum Holding Period (MHP) requirement for originating NBFCs, in respect of loans of original maturity above 5 years, to receipt of repayment of six monthly installments or two quarterly installments (as applicable), subject to the following prudential requirement:

Minimum Retention Requirement (MRR) for such securitisation/assignment transactions shall be 20% of the book value of the loans being securitised/20% of the cash flows from the assets assigned.

The above dispensation was applicable to securitization /assignment transactions carried out during a period of six months from 29th November 2018. **On a review, it has been decided by RBI to extend the dispensation provided therein till December 31, 2019.**

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Warm Regards,

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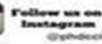
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