

RBI releases the Report of the Task Force on the Development of Secondary Market for Corporate Loans

The Reserve Bank of India had constituted a Task Force on Development of Secondary Market for Corporate Loans on May 29, 2019. The Terms of Reference of the Task Force were to review the existing state of market for loan sale/transfer in India as well as the international experience in loan trading and to make recommendations for the development of secondary market for corporate loans in India.

The Task Force has since submitted its report to the Governor. The key recommendations of the Task Force are as follows:

1. Setting up of a Self-Regulatory Body of participants which will finalise detailed modalities for the secondary market for corporate loans including standardisation of documentation;
2. Setting up a Central Loan Contract Registry;
3. Setting up an online loan sales platform to conduct auctions/sale process of the secondary market loans;
4. Amending the extant regulations applicable to, inter-alia, securitization and assignment of loans, asset reconstruction, Foreign Portfolio Investment and External Commercial Borrowings; and
5. Amendments in regulations issued by Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDA) and Pension Fund Regulatory and Development Authority (PFRDA) to enable participation of non-

banking entities such as mutual funds, insurance companies and pension funds.

RBI is seeking comments on the Report of the Task Force on the Development of Secondary Market for Corporate Loans. Please find enclosed Report of the Task Force for released by RBI your kind reference. Request you to kindly send your inputs on the report (if any) to Ms. Surbhi Sharma, Associate Economist, PHD Chamber at surbhi@phdcci.in / research@phdcci.in by 23rd September 2019.

Please contact for any query related to this mail to Ms. Surbhi Sharma, Associate Economist at surbhi@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in of PHD Chamber.

Warm Regards,

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