

**RBI  
UPDATES**

**1. 24x7 availability of the Real Time Gross Settlement (RTGS) system**

On **December 04, 2020** The Reserve Bank of India (RBI) vide **Notificaiton No. DPSS (CO) RTGS No.750/04.04.016/2020-21** has issued the 24\*7 availability of the real-time gross settlement (RTGS) system.

The Following guidelines have been issued to the members:

- RTGS shall be available for customer and inter-bank transactions round the clock, except for the interval between 'end-of-day' and 'start-of-day' processes, whose timings would be duly broadcasted through the RTGS system.
- RTGS shall continue to be governed by the RTGS System Regulations, 2013, as amended from time to time.
- Intra-Day Liquidity (IDL) facility shall be made available to facilitate smooth operations. The Intra-Day Liquidity (IDL) availed, if any, shall be reversed before the 'end-of-day' process begins.

Members are advised to put in place necessary infrastructure to provide RTGS round the clock to their customers. RTGS transactions undertaken after normal banking hours are expected to be automated using 'Straight Through Processing (STP)' modes. Members are further advised to disseminate information on the extended availability of RTGS to all their customers.

The link for aforesaid circular is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/RTGS24X71798171F014C4AF18C755BAA2AECE838.PDF>

**2. Authorisation of entities for operating a Payment System under PSS Act**

On **December 04, 2020** RBI vide **Notification No.: RBI/2020-21/73** issued Authorisation of entities for operating a Payment System under the Payment and Settlement Systems Act, 2007 (PSS Act) – Introduction of Cooling Period in the following situations:

- Authorised Payment System Operators (PSOs) whose Certificate of Authorisation (CoA) is revoked or not-renewed for any reason; or
- CoA is voluntarily surrendered for any reason; or
- Application for authorisation of a payment system has been rejected by RBI.
- New entities that are set-up by promoters involved in any of the above categories; definition of promoters for the purpose, shall be as defined in the Companies Act, 2013.

The Cooling Period shall be for one year from the date of revocation / non-renewal / acceptance of voluntary surrender / rejection of application, as the case may be. In respect of entities whose application for authorisation is returned for any reason by RBI, condition of Cooling Period shall be invoked after giving the entity an additional opportunity to submit the application. During the Cooling Period, entities shall be prohibited from submission of applications for operating any payment system under the PSS Act.

The link for aforesaid notification is as mentioned below:

Off : 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: [www.amitadesai.com](http://www.amitadesai.com) Email: [info@amitadesai.com](mailto:info@amitadesai.com)

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<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/CCOOLP04122020E4CFB01303914938B4FFD748C70B78FF.PDF>

### **3. Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication**

On **December 04, 2020** RBI vide **Notification No.: DPSS.CO.PD No.752/02.14.003/2020-21** specified that COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that per transaction limit for Additional Factor of Authentication (AFA) was increased to Rs. 5,000 (earlier it was Rs. 2,000 per transaction). All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/DPSSE57ACE9964684AC0A788A3587FB2C08A.PDF>

### **4. Declaration of dividends by banks**

On **December 04, 2020** RBI vide **Notification No. DOR.BP.BC.No.29/21.02.067/2020-21** has issued a notification declaring dividends by banks. Considering the ongoing stress and heightened uncertainty on account of COVID-19, it is imperative that banks continue to conserve capital to support the economy and absorb losses. In order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, it has been decided that **banks shall not make any dividend payment** on equity shares from the profits **pertaining to the F.Y. ended March 31, 2020.**

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FCDDDB04122020B1DB6FFC64A34EC39CFA0AFC041F6C61.PDF>

### **5. External Trade – Facilitation - Export of Goods and Services**

On **December 04, 2020** RBI vide **A.P. (DIR Series) Circular No. 08** has issued a Circular on External Trade – Facilitation - Export of Goods and Services. It has been decided to delegate more powers to the Authorised Dealer Category – I banks (AD banks) in the following areas:

- Direct Dispatch of Shipping Documents
- "Write-off" of unrealized Export bills
- Set-off of Export receivables against Import payables
- Refund of Export Proceeds

The link for aforesaid Circular is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/APDIR08DCB570D45FF14E369652F751858C99F8.PDF>

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### **6. Introduction of Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) for Regional Rural Banks (RRBs)**

On **December 04, 2020** RBI vide **Notification No. DOR.RRB.No.28/31.01.001/2020-21** notified that in order to provide an additional avenue for liquidity management to Regional Rural Banks (RRBs), it has been decided that Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) will be extended to Scheduled RRBs meeting the following criteria:

- i. Implemented Core Banking Solution (CBS)
- ii. There is a minimum CRAR of nine per cent and
- iii. Fully compliant with the terms and conditions for availing LAF and MSF issued by Financial Markets Operations Department (FMOD), Reserve Bank of India.

The names of RRBs which meet the eligibility norms to participate in LAF and MSF (Positive List) and of those RRBs found ineligible (Negative List) will be intimated to the banks concerned. The eligibility status of the banks will be reviewed on an ongoing basis. The effective date from which the RRBs will be eligible to avail of LAF and MSF will be intimated separately.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/LAFMSFRRBSFCB697090CF848E599D3BDE570170E62.PDF>

### **7. Perpetual Validity for Certificate of Authorisation (CoA) issued to Payment System Operators (PSOs) under Payment and Settlement Systems Act, 2007 (PSS Act)**

On **December 04, 2020** RBI vide **Notification No. DPSS.CO.AD.No.724/02.27.005/2020-21** granted authorisation to new entities desirous of operating a payment system for specified periods up to 5 years. Similar approach is adopted for renewal of validity of authorisation to existing entities. To reduce licensing uncertainties and enable PSOs to focus on their business as also to optimise utilisation of regulatory resources, it has been decided to, hereafter, grant authorisation for all PSOs (both new and existing) on a perpetual basis, subject to the usual conditions.

For existing authorised PSOs, grant of perpetual validity shall be examined as and when the CoA becomes due for renewal subject to their adherence to the following:

- a) Full compliance with the terms and conditions subject to which authorisation was granted;
- b) Fulfilment of entry norms such as capital, networth requirements, etc.;
- c) No major regulatory or supervisory concerns related to operations of the PSO, as observed during onsite and / or offsite monitoring;
- d) Efficacy of customer grievance redressal mechanism;
- e) No adverse reports from other departments of RBI / regulators / statutory bodies, etc.

Existing PSOs who do not satisfy all conditions will be given one-year renewals to enable them to comply; if any entity fails to do so in a reasonable time, its authorisation may be withdrawn. If an entity becomes non-compliant with any of the conditions of authorisation, RBI may undertake action as deemed fit under the provisions of PSS Act, including imposition of restrictions on payment system operations and / or revocation of CoA.

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The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/PERPETUALVALIDITYC0F91C5C3F45452A8EA77FF11E0AC048.PDF>

### **8. Processing of e-mandates for recurring transactions**

On **December 04, 2020** RBI vide **Notification No. DPSS.CO.PD No.754/02.14.003/2020-21** has issued the Processing of e-mandates for recurring transactions. RBI has planned to increase the Additional Factor of Authentication limit to Rs. 5,000 from January 01, 2021 per transaction. Processing of recurring transactions (domestic or cross-border) using cards / PPIs / UPI under arrangements / practices not compliant with the aforesaid instructions shall not be continued beyond March 31, 2021.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/DPSSSIDEC420205A3895EA5B6044F2B4AB7A133FE35AD7.PDF>

### **9. Regional Rural Banks - Access to Call/Notice/Term Money Market**

On **December 04, 2020** RBI vide **Notification No. FMRD.DIRD.01/14.01.001/2020-21** issued Draft Call, Notice and Term Money Markets (Reserve Bank) Directions, 2020 to give the following directions to all entities/agencies eligible to deal in call, notice and term money markets, namely:-

- Interest Rates: Eligible participants are free to decide on interest rates in the call, notice and term money markets.
- Trading venue: Call, notice and term money transactions can be executed in Over-the-Counter (OTC) markets, including on the NDS-CALL platform or any other ETP approved for the purpose by the Reserve Bank.
- Market timings: The market timing for call, notice and term money transactions shall be from 9:00 AM to 5:00 PM on each business day or as specified by the Reserve Bank from time to time.
- Market practices and documentation: Eligible participants shall follow standard market practices, methodologies and documentation prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA), in consultation with RBI, from time to time.
- All call, notice and term money transactions shall be reported to the NDS-CALL platform within 15 minutes of execution (the time when price is agreed), by each party to the transaction, or, by the concerned ETP, as the case may be.

Feedback on the Draft Directions may be forwarded to: The Chief General Manager, Reserve Bank of India Financial Markets Regulation Department 9th Floor, Central Office Building Shahid Bhagat Singh Marg, Fort Mumbai – 400001 Or by email with subject line “Feedback on Draft Directions on Money Market Instruments, 2020”.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT7860075FB425D74B1EB180BC896B28503B.PDF>

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**10. Opening of Current Accounts by Banks - Need for Discipline**

On **December 14, 2020** RBI vide Notification No. DOR.No.BP.BC.30/21.04.048/2020-21 has issued a Notification on the need of discipline on Opening of Current Accounts by Banks. It has been decided to permit banks to open specific accounts which are stipulated under various statutes and instructions of other regulators/ regulatory departments, without any restrictions. An indicative list of such accounts is as given below:-

- Accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintaining 70% of advance payments collected from the home buyers
- Nodal or escrow accounts of payment aggregators/prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007
- Accounts for settlement of dues related to debit card/ATM card/credit card issuers/acquirers
- Accounts permitted under FEMA, 1999
- Accounts for the purpose of IPO / NFO /FPO/ share buyback /dividend payment / issuance of commercial papers/allotment of debentures/gratuity, etc which are mandated by respective statutes or regulators and are meant for specific/limited transactions only.
- Accounts for payment of taxes, duties, statutory dues, etc. opened with banks authorized to collect the same, for borrowers of such banks which are not authorized to collect such taxes, duties, statutory dues, etc
- Accounts of White Label ATM Operators and their agents for sourcing of currency.

The above permission is subject to the condition that the banks shall ensure that these accounts are used for permitted/specified transactions only. Further, banks shall flag these accounts in the CBS for easy monitoring. Lenders to such borrowers may also enter into agreements/arrangements with the borrowers for monitoring of cash flows/periodic transfer of funds (if permissible) in these current accounts. Banks shall monitor all current accounts and CC/ODs regularly, at least on a half-yearly basis, specifically with respect to the exposure of the banking system to the borrower, to ensure compliance with instructions contained in circular dated August 6, 2020 *ibid*.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT79BEFBE49F47254D13BB6B11B5F57EB312.PDF>

**11. Amendment to Master Direction (MD) on KYC – Centralized KYC Registry – Roll out of Legal Entity Template & other changes**

On **December 18, 2020** has issued Amendment to Master Direction (MD) No.: 81/14.01.001/2015-16. RBI has decided to extend the CKYCR to Legal Entities (LEs). Accordingly, REs shall upload the KYC data pertaining to accounts of LEs opened on or after April 1, 2021, on to CKYCR in terms of Prevention of Money Laundering (Maintenance of Records) Rules, 2005. REs shall ensure that during

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periodic updation, the customers' KYC details are migrated to current Customer Due Diligence (CDD) standards.

For the purpose of establishing an account based relationship, if a customer submits a KYC Identifier to a RE, with an explicit consent to download records from CKYCR, then such RE shall retrieve the KYC records online from CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless:

- i. there is a change in the information of the customer as existing in the records of CKYCR;
- ii. the current address of the customer is required to be verified;
- iii. the RE considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

Once KYC Identifier is generated by CKYCR, the REs shall ensure that the same is communicated to the individual/legal entity.

The link for aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/CKYCRLEB3990A3432AC4BAB95D7A77854CE011F.PDF>