

RBI/2018-19/62 DBR.BP.BC.No.05/21.04.098/2018-19

October 19, 2018

All Scheduled Commercial Banks (Excluding RRBs) & Small Finance Banks (SFBs)

Dear Sir,

Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), FALLCR against credit disbursed to NBFCs and HFCs

Please refer to our <u>circular dated September 27, 2018</u> increasing the carve-out from SLR, under the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR), to 13 per cent of NDTL.

2. It has been decided that, with immediate effect, banks will be permitted to also reckon Government securities held by them up to an amount equal to their incremental outstanding credit to NBFCs and Housing Finance Companies (HFCs), over and above the amount of credit to NBFCs and HFCs outstanding on their books as on October 19, 2018, as Level 1 HQLA under FALLCR within the mandatory SLR requirement. This will be in addition to the existing FALLCR of 13 per cent of NDTL, and limited to 0.5 per cent of the bank's NDTL.

3. The above additional FALLCR will be available up to December 31, 2018.

4. The single borrower exposure limit for NBFCs which do not finance infrastructure stands increased from 10 percent to 15 percent of capital funds, up to December 31, 2018.

Yours faithfully,

(S K Kar) Chief General Manager