

Info Capsule



THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

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

The Reserve Bank of India had constituted a Task Force on Development of Secondary Market for Corporate Loans under the Chairmanship of Shri T. N. Manoharan, Chairman, Canara Bank, 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:

- a) 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;
- b) setting up a Central Loan Contract Registry;
- c) setting up an online loan sales platform to conduct auctions/sale process of the secondary market loans;
- d) amending the extant regulations applicable to, inter-alia, securitization and assignment of loans, asset reconstruction, Foreign Portfolio Investment and External Commercial Borrowings; and
- e) amendments in regulations issued by SEBI, IRDA and PFRDA to enable participation of non-banking entities such as mutual funds, insurance companies and pension funds.

The report is placed on the RBI website for comments of stakeholders and members of the public. Comments on the report may be sent by September 30, 2019 through email at cgmicdbr@rbi.org.in

The Report is available at;
<https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/DSMCLOANSBB7C3EDF738D4038B734E909AC054D68.PDF>