



N. A. SHAH ADVISORS LLP

BULLETIN

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EXECUTIVE SUMMARY

- ◆ Reserve Bank of India (RBI) has extended the Prompt Corrective Action (PCA) framework to Government Non-Banking Financial Companies (NBFCs).
- ◆ RBI has introduced Master Direction of NBFC - Scale Based Regulations.
- ◆ Financial Action Task Force (FATF) has added and removed some countries from the grey list.

PCA FRAMEWORK EXTENDED TO GOVERNMENT NBFCs


- ◆ RBI had introduced PCA Framework for NBFCs on 14th December 2021 & which has since been reviewed and it has been decided to extend the same to Government NBFCs (except those in Base Layer) with effect from 01st October 2024 based on the audited financials as on 31st March 2024 and thereafter.

NBFC - SCALE BASED REGULATIONS

- ◆ In supersession of the NBFC–Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016 and NBFC–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI has introduced Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and the same can be referred at [link](#).

ALTERATIONS IN LIST OF JURISDICTIONS IN THE GREY LIST OF FATF

- ◆ Based on the decisions made at the Financial Action Task Force (FATF) plenary, FATF has added Bulgaria to their existing list of jurisdictions under increased monitoring (Grey list) while Albania, Cayman Islands, Jordan and Panama have been removed from this list. The detailed list can be accessed at [link](#).
- ◆ While being classified in grey list does not call for the application of enhanced due diligence to be applied to these jurisdictions but encourages intermediaries consider this information in their risk analysis. While SEBI does not prohibit registration of FPI from such countries but enhances the scrutiny.
- ◆ The Grey list includes those countries which have deficiencies in their Anti-Money Laundering / Combating of Financing of Terrorism regimes. Countries placed in the Grey list are subject to increased monitoring and must work with FATF to improve their regimes.



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