



## भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA

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### DRAFT

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### Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026

The Reserve Bank has issued the [Reserve Bank of India \(Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation\) Directions, 2025 dated November 28, 2025](#) (hereinafter referred to as Directions) in exercise of the powers conferred under the provisions of the Reserve Bank of India Act, 1934, the Factoring Regulation Act, 2011 and the National Housing Bank Act, 1987. There is a need to amend the Directions based on a review of instructions pertaining to regulatory framework including registration requirement for 'NBFCs not availing public funds and not having customer interface'.

2. Accordingly, in exercise of the powers conferred under sections 45JA, 45K, 45L, 45M and 45NC of the Reserve Bank of India Act, 1934 (Act 2 of 1934), section 3 read with section 31A and section 6 of the Factoring Regulation Act, 2011 (Act 12 of 2012), and sections 30, 30A, 32 and 33 of the National Housing Bank Act, 1987 (Act 53 of 1987), and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Amendment Directions hereinafter specified.

3. These Amendment Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026.

विनियमन विभाग, केंद्रिय कार्यालय, दुसरी मंजिल, मुख्य कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई 400 001

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4. These Directions shall come into force from April 01, 2026.

5. These Amendment Directions modify the Directions as under:

(1) After paragraph 6(14), the following shall be included:

*“(14A) ‘NBFC not availing public funds and not having any customer interface’ means NBFC registered with the Reserve Bank as Type I NBFC or otherwise and*

*(i) Not accepting public funds and not intending to accept public funds in the future; and*

*(ii) Not having customer interface and not intending to have customer interface in the future.*

Explanation: ‘Public funds’ and ‘customer interface’ shall mean ‘public funds’ and ‘customer interface’ as defined in these Directions.”

(2) In paragraph 6(18), the following explanation shall be added after the definition:

*“Explanation: Indirect receipt of public funds means funds received not directly but through associates and group entities which have access to public funds.”*

(3) After paragraph 6(21), the following shall be included:

*“(22) ‘Type I NBFC’ means ‘NBFC not availing public funds and not having any customer interface’ as defined in these Directions and holding Certificate of Registration as ‘Type I NBFC’ issued by the Reserve Bank.*

*(23) ‘Type II NBFC’ means an NBFC which is granted Certificate of Registration by the Reserve Bank as NBFC other than ‘Type I NBFC’.*

*(24) ‘Unregistered Type I NBFC’ means ‘NBFC not availing public funds and not having any customer interface’ as defined in these Directions and exempt from the provisions of section 45IA of the RBI Act, 1934 as detailed in paragraph 66A of these Directions.”*

(4) The words ‘NBFC not availing public funds and not having any customer interface’ in paragraphs 10(2)(iv), 15(1) and 40; and the words ‘NBFC without public funds and customer interface’ in paragraphs 17 and 19 shall be replaced by the words ‘NBFC holding Certificate of Registration as ‘Type I NBFC’.



(5) The explanation of paragraph 10(2)(iv) shall be deleted.

(6) After paragraph 38, new paragraph 38A shall be inserted as under:

***"38A. Registration requirements for 'NBFC not availing public funds and not having any customer interface'***

*(1) 'NBFCs not availing public funds and not having any customer interface' and having asset size of less than ₹1,000 crore are exempted from the provisions of section 45IA of the RBI Act, 1934 in terms of paragraph 66A of these Directions w.e.f. April 01, 2026. Existing 'NBFCs not availing public funds and not having any customer interface', including those holding Certificate of Registration as 'Type I NBFC' as on April 01, 2026, and fulfilling the prescribed criteria for exemption, may apply to the Reserve Bank, for deregistration, within a period of six months i.e., by September 30, 2026.*

*(2) The application for deregistration shall be made through PRAVAAH, on the company's letter head, with the following documents:*

*(i) Original Certificate of Registration (to be submitted physically to the Reserve Bank).*

*(ii) Audited financials of the company for the last three financial years.*

*(iii) Status of public funds and also of customer interface in the last three financial years.*

*(iv) Statutory Auditor's Certificate certifying that the company does not have public funds and also not have customer interface as on date.*

*(v) Board Resolution stating –*

*(a) That the company does not have public funds and customer interface as on date and the company does not intend to access public funds and also not intend to have customer interface in the future.*

*(b) That the NBFC shall take registration as 'Type II NBFC', in case it intends to avail public funds and/or have customer interface in future.*

*(c) That the NBFC shall obtain registration as 'Type I NBFC' in case its asset size reaches ₹1,000 crore or above.*

*(vi) Undertaking from the Board that the NBFC shall disclose its status of being 'Unregistered Type I NBFC' and also disclose status of public funds and customer interface as part of Notes to Accounts to the financial*



statements.

(3) The requests for deregistration as above would be considered subject to the satisfaction of the Reserve Bank that the NBFC is functioning with a conscious business model to operate without availing public funds and without having customer interface.

(4) 'NBFCs not availing public funds and not having any customer interface' and having asset size of ₹1,000 crore or more, shall mandatorily apply for registration as 'Type I NBFC' through PRAVAAH, on the company's letter head, with requisite submissions and duly accompanied by documents indicated at paragraph 38A(2)(i) to (iv) and 38A(2)(v)(a) to (b) above. The Certificate of Registration as 'Type I NBFC' shall be issued by the Reserve Bank on being satisfied that the conditions for registration are fulfilled by the company.

(5) Existing 'NBFCs not availing public funds and not having any customer interface' which are not holding Certificate of Registration as 'Type I NBFC' shall be ineligible for relaxed regulatory requirements as available to NBFCs holding Certificate of Registration as 'Type I NBFC'.

(6) For abundant clarity, it is reiterated that in case any of these NBFCs intends to access public funds and/ or have customer interface, it shall invariably seek registration as 'Type II NBFC' under section 45IA of the RBI Act, 1934.

(7) Notwithstanding the exemption granted at paragraph 66A of these Directions, if an 'Unregistered Type I NBFC' intends to undertake overseas investment in financial services sector, it shall be required to be registered with the Reserve Bank and be regulated like NBFC holding CoR as 'Type I NBFC' and shall also be governed as per the provisions of paragraphs 15 to 19 of the Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025 (as amended from time to time), including prior approval of the Reserve Bank for the purpose of overseas investment.

(8) It is clarified that exemption offered to 'Unregistered Type I NBFCs' is only from the provisions of section 45IA of RBI Act, 1934 (i.e., registration requirement). Due to conduct of activities of non-banking financial institution,



*these NBFCs would continue to be subject to other provisions of Chapter IIIB of the RBI Act, 1934 and the Reserve Bank reserves the right to issue necessary instructions specifically to 'Unregistered Type I NBFCs' in case any concerns/ risks are observed. While Directions issued by the Reserve Bank shall be applicable to them only if specifically addressed to them, the Reserve Bank also retains the power to take action against 'Unregistered Type I NBFCs' under Chapter V of the RBI Act, 1934. Violation of any of the provisions applicable to 'Unregistered Type I NBFC' shall be viewed seriously and shall invite penal action under the provisions of the RBI Act, 1934.*

*Note: The Frequently Asked Questions (FAQs) on exemptions and registration requirements for 'NBFCs not availing public funds and not having any customer interface' may be accessed on the link – XXX". (refer [Annex](#) for FAQs)*

(7) After paragraph 66, new paragraph 66A shall be inserted, as under:

*"66A. A 'NBFC not availing public funds and not having any customer interface' subject to the following conditions:*

- (1) It operates without public funds and without customer interface, as their conscious and durable business model on a long-term basis;*
- (2) Its asset size is less than ₹1,000 crore.*
- (3) It passes an annual Board Resolution that the company will not avail public funds and will also not have customer interface during the year;*
- (4) It discloses in its Notes to Accounts to the financial statements that it is an 'Unregistered Type I NBFC' as defined in [Reserve Bank of India \(Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation\) Directions, 2025](#) (as amended from time to time), along with the status of public funds and customer interface;*
- (5) The Statutory Auditors shall submit Exception Report to the Reserve Bank in case of violation of conditions on public funds and/or customer interface.*

*Note: 'Public funds' and 'customer interface' shall mean 'public funds' and 'customer interface' as defined in [Reserve Bank of India \(Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation\) Directions, 2025](#) (as amended from time to time)."*



6. Consequent to the above amendments, the corresponding changes in 'Applicability Clauses' have been carried out in other Directions applicable to NBFCs as under:

The words '*NBFC not availing public funds and not having any customer interface*' used in the following Directions shall be replaced by '*NBFC holding Certificate of Registration as 'Type I NBFC'*' in –

- (i) [Reserve Bank of India \(Non-Banking Financial Companies – Undertaking of Financial Services\) Directions, 2025](#), under second proviso to paragraph 3(2)(i);
- (ii) [Reserve Bank of India \(Non-Banking Financial Companies – Prudential Norms on Capital Adequacy\) Directions, 2025](#), under paragraph 3(6)(iv);
- (iii) [Reserve Bank of India \(Non- Banking Financial Companies – Credit Facilities\) Directions, 2025](#), under paragraph 3(3)(v);
- (iv) [Reserve Bank of India \(Non-Banking Financial Companies - Credit Risk Management\) Directions, 2025](#), under paragraph 3(3)(vii);
- (v) [Reserve Bank of India \(Non-Banking Financial Companies - Concentration Risk Management\) Directions, 2025](#), under paragraph 3(4)(v);
- (vi) [Reserve Bank of India of India \(Non-Banking Financial Companies – Transfer and Distribution of Credit Risk\) Directions, 2025](#), under paragraph 3(vii);
- (vii) [Reserve Bank of India \(Non-Banking Financial Companies – Securitisation Transactions\) Directions, 2025](#), under paragraph 3(vii);
- (viii) [Reserve Bank of India \(Non-Banking Financial Companies – Classification, Valuation, and Operation of Investment Portfolio\) Directions, 2025](#), under paragraph 3(3)(vi) and the proviso to paragraph 3(3);
- (ix) [Reserve Bank of India \(Non-Banking Financial Companies – Asset Liability Management\) Directions, 2025](#), under paragraph 5(vi);
- (x) [Reserve Bank of India \(Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning\) Directions, 2025](#), under paragraph 10(5);
- (xi) [Reserve Bank of India \(Non-Banking Financial Companies – Resolution of Stressed Assets\) Directions, 2025](#), under paragraph 6(6);
- (xii) [Reserve Bank of India \(Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters\) Directions, 2025](#), under paragraph 2(2)(vi); and



(xiii) Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, under paragraph 8(ii).

(J P Sharma)  
Chief General Manager-in-Charge



## Annex

### Frequently Asked Questions

**Q1. Why has the Reserve Bank introduced 'Unregistered Type I NBFCs'? Why are they exempted from registration requirement under section 45IA of the RBI Act, 1934?**

**Ans:** 'Unregistered Type I NBFCs' are those 'NBFCs not availing public funds and not having any customer interface' which have asset size below ₹1,000 crore and fulfil the principal business criteria as set forth in [Press Release 1998-99/1269 dated April 08, 1999](#). Hence, these NBFCs were statutorily required to seek registration as NBFC under section 45IA of the RBI Act, 1934 till date. However, these companies operate without accessing public funds and without having customer interface and their asset size is less than ₹1,000 crore, due to which the regulatory concerns on systemic risk and customer protection issues are not relevant in case of these NBFCs. These companies normally undertake investments out of their own funds and hence, their potential to pose systemic risk is very low. Therefore, it has been decided to grant them exemption from registration requirement with the Reserve Bank under section 45NC of the RBI Act, 1934. Such exempted NBFCs shall henceforth be referred to as 'Unregistered Type I NBFCs'.

**Q2. In case an 'Unregistered Type I NBFC' is found availing public funds and/ or having customer interface, what action would be taken by the Reserve Bank?**

**Ans:** The exemption from registration available to 'Unregistered Type I NBFCs' is subject to the condition that these NBFCs do not have public funds and do not have customer interface and their asset size is less than ₹1,000 crore. Availing either public funds or customer interface, would be violation of the exemption provisions. Any 'Unregistered Type I NBFC' intending to avail public funds and/ or have customer interface must seek registration with the Reserve Bank as 'Type II NBFC' prior to having either of these, to avoid penal action. It may also be noted that 'NBFCs not availing public funds and not having any customer interface' with asset size of ₹1,000 crore & above shall invariably be required to seek registration as 'Type I NBFC' even if they do not avail public funds and do not have customer interface.



**Q3. In the light of the exemption provided to 'Unregistered Type I NBFCs', are new companies intending to apply for registration as NBFC and bringing in money as owned funds, also not required to seek registration with the Reserve Bank?**

**Ans:** The exemption from registration provided to 'Unregistered Type I NBFCs' is only for those companies which intend to function with a conscious business model of operating without availing public funds and not having customer interface provided their asset size is less than ₹1,000 crore. In other words, companies desirous of accessing public funds and/ or engaging in operations involving customer interface are compulsorily required to seek registration with the Reserve Bank, irrespective of their asset size or any other factor. Failure to comply with registration requirements would attract penal provisions under the RBI Act, 1934.

**Q4. Is it optional for existing registered NBFCs not availing public funds and also not having customer interface, which are eligible for exemption, to apply for deregistration?**

**Ans:** Existing eligible NBFCs not availing public funds and also not having customer interface as their conscious business model, with asset size of less than ₹1,000 crore may apply for deregistration within the stipulated timeline of six months i.e., by September 30, 2026.

**Q5. What can be the consequences of not applying for deregistration by existing registered NBFCs not availing public funds and also not having customer interface, which are eligible for exemption, within the specified timeline?**

**Ans:** It may be noted that the differential regulatory framework applicable to 'Type I NBFC' would be applicable only to those NBFCs not availing public funds and not having customer interface which hold Certificate of Registration as 'Type I NBFC'.

**Q6. When is an NBFC required to seek registration as 'Type I NBFC'?**

**Ans:** The exemption from section 45IA of the RBI Act, 1934 i.e., from registration requirement has been provided to 'NBFCs not availing public funds and not having any customer interface' with asset size of less than ₹1,000 crore. 'NBFCs not availing



public funds and not having any customer interface', with asset size of ₹1,000 crore or more would require registration with the Reserve Bank as Type I NBFCs. The registration as Type I NBFC would be granted by the Reserve Bank subject to satisfaction of the Reserve Bank that the above conditions for registration are fulfilled and the applicant is eligible for registration as 'Type I NBFC'.

**Q7. Are loans from directors or shareholders also classified as public funds?**

**Ans:** Any funds received from outside sources and which constitute outside liability are treated as public funds for 'Type I NBFCs'. As such, loans from directors and/ or shareholders will be classified as public funds.

**Q8. What is the coverage of the term 'customer interface'? Does engaging in non-fund based activities with Group companies or customers like guarantees, or grant of loans to 'entities in the Group', its shareholders, directors or staff constitute 'customer interface'?**

**Ans:** 'Customer interface' means interaction between the NBFC and its customers while carrying on its business. Customer interface can be through an account-based relationship, lending relationship or interaction with the customers as part of business of the NBFC. Any customer-oriented activity like lending or providing guarantee, including to 'entities in the Group', its shareholders, its directors, or providing any other product or service to a customer would constitute 'customer interface'. However, loans to employees as per terms of employment condition/ contract and not on commercial terms, shall not be treated as customer interface.

**Q9. Whether diversification of activities like distribution of mutual funds, credit cards, acting as Point of Presence for National Pension System, insurance agency etc., allowed to 'Type I NBFCs' and 'Unregistered Type I NBFCs'?**

**Ans:** No. 'Type I NBFCs' and 'Unregistered Type I NBFCs' are not allowed to have customer interface in any form either directly or indirectly. Hence, they cannot undertake activities like distribution of mutual funds, credit cards, acting as Point of Presence for National Pension System, etc., since these activities entail interaction with customers.



**Q10. Is prior approval of Reserve Bank required for ‘Unregistered Type I NBFCs’ and ‘Type I NBFCs’ to avail public funds and/ or have customer interface?**

**Ans:** Yes. ‘Unregistered Type I NBFCs’ and ‘Type I NBFCs’ shall seek prior approval of the Reserve Bank in order to avail public funds and/ or have customer interface, and can avail public funds and or have customer interface only after obtaining CoR as ‘Type II NBFC’. The exemption provided to ‘Unregistered Type I NBFCs’ from registration requirement is in view of differential risk profile on account of non-acceptance of public funds and absence of customer interface, and their smaller size being below ₹1,000 crore. Similarly, NBFCs holding CoR as ‘Type I NBFCs’ are placed in Base Layer and are subject to lower regulatory prescriptions and supervisory oversight.

**Q11. How are ‘Type I NBFCs’ different from non-deposit taking NBFCs?**

**Ans:** ‘Type I NBFCs’ operate with their own funds without accessing public funds and engage in activities which do not involve customer interface. On the other hand, non-deposit taking NBFCs are not allowed to accept public deposits but can access public funds in the form of borrowings, etc., and can have customer interface in the form of loans and advances, etc.

**Q12. Whether Anti Money Laundering (AML) requirements under PMLA, 2002 are applicable to ‘Type I NBFCs’ and ‘Unregistered Type I NBFCs’?**

**Ans:** Since NBFCs holding CoR as ‘Type I NBFC’ cannot have any customer interface, KYC regulations prescribed by the Reserve Bank may not be relevant for them due to absence of any account-based relationship. However, NBFCs holding CoR as ‘Type I NBFC’ and ‘Unregistered Type I NBFCs’ are required to comply with applicable AML requirements as also adhere to requirements emanating from Prevention of Money Laundering Act (PMLA), 2002 and Rules framed thereunder, as applicable to them.



**Q13. As per regulations of the Reserve Bank, total assets of all the NBFCs in a Group are consolidated to determine the classification of NBFCs in the Middle Layer. What shall be the treatment given to 'Type I NBFCs' and 'Unregistered Type I companies' in this regard?**

**Ans:** For aggregation purposes, the asset size of 'Type I NBFCs' shall be considered but asset size of 'Unregistered Type I NBFCs' shall not be considered. It is emphasized that 'Type I NBFCs' shall always be classified in Base Layer regardless of such aggregation.

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