



## International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2020-21/8

December 30, 2020

To All Banking Units

Dear Sir/Madam,

**Subject: IFSC (Banking) Regulations, 2020 – Directions for implementation – Transfer of assets through loan participation agreement**

Banking Units (BUs) may please refer to the circular on IFSC (Banking) Regulation, 2020 – Directions for implementation dated December 4, 2020 (“the circular”) through which the circular on “Revisions to the Guidelines on Securitisation Transactions and Direct Assignment of Cash Flows dated May 7, 2012 (as amended)” (“the guidelines”) issued by the Reserve Bank of India was adopted.

2. In addition to the modes of transfer of assets mentioned in the guidelines, BUs may also undertake transfer of assets bilaterally through the means of a standard loan participation agreement such as Master Risk Participation Agreement (MRPA).

3. BUs may execute such agreement to sell or buy a single asset or a part of such asset or a portfolio of such assets to/from other BUs, Financial Institutions (as defined in Section 3(1)(c) of the IFSCA Act, 2019), persons resident in India and persons resident outside India. Sale or purchase of assets to/from persons resident in India shall be subject to the provisions of FEMA, 1999.

4. BUs buying assets on the basis of such agreement should undertake necessary due diligence of the assets and, if felt necessary, shall insert necessary provisions in the agreement to protect its interest such as for retention of a part of the asset or portfolio by the seller and/or minimum period of retention of the asset or portfolio by the seller prior to transfer.

5. BUs are directed to ensure compliance with the provisions of this circular.

Yours faithfully

(Supriyo Bhattacharjee)

General Manager

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