



International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2021-22/8

November 11, 2021

To,

All IFSC Banking Units

Dear Sir/Madam,

Subject: Minimum Holding Period on Sale /Transfer of loan assets

IFSC Banking units (BUs) may refer to circular F.No.110/IFSCA/Banking Regulation/2020-21/1 dated December 4,2020 on the issuance of Directions for implementation of IFSC (Banking) Regulation,2020.

2. The above circular, inter alia, adopted the circular on “Revisions to the Guidelines on Securitisation Transactions and Direct Assignment of Cash Flows” dated May 7,2012 (as amended)¹ issued by the Reserve Bank of India (RBI). RBI has, vide its “Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021²” dated September 24,2021, which replaces the existing instructions on the matter of sale / transfer of loan exposures, repealed section B (Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities) of the abovementioned circular.

3. In this context, it is hereby clarified that the Authority does not mandate any Minimum Holding Period (MHP) requirement pertaining to sale/transfer of loan assets (by any means) by/to IBUs. IBUs undertaking such transactions are advised to undertake necessary due diligence and, if felt necessary, 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

¹ DBOD.No.BP.BC.103/21.04.177/2011-12

² DOR.STR.REC.51/21.04.048/2021-22

transfer (i.e.MHP). The IBUs may also put in place a policy for determining the MHP requirement for such transactions.

Yours faithfully,

(Supriyo Bhattacharjee)
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